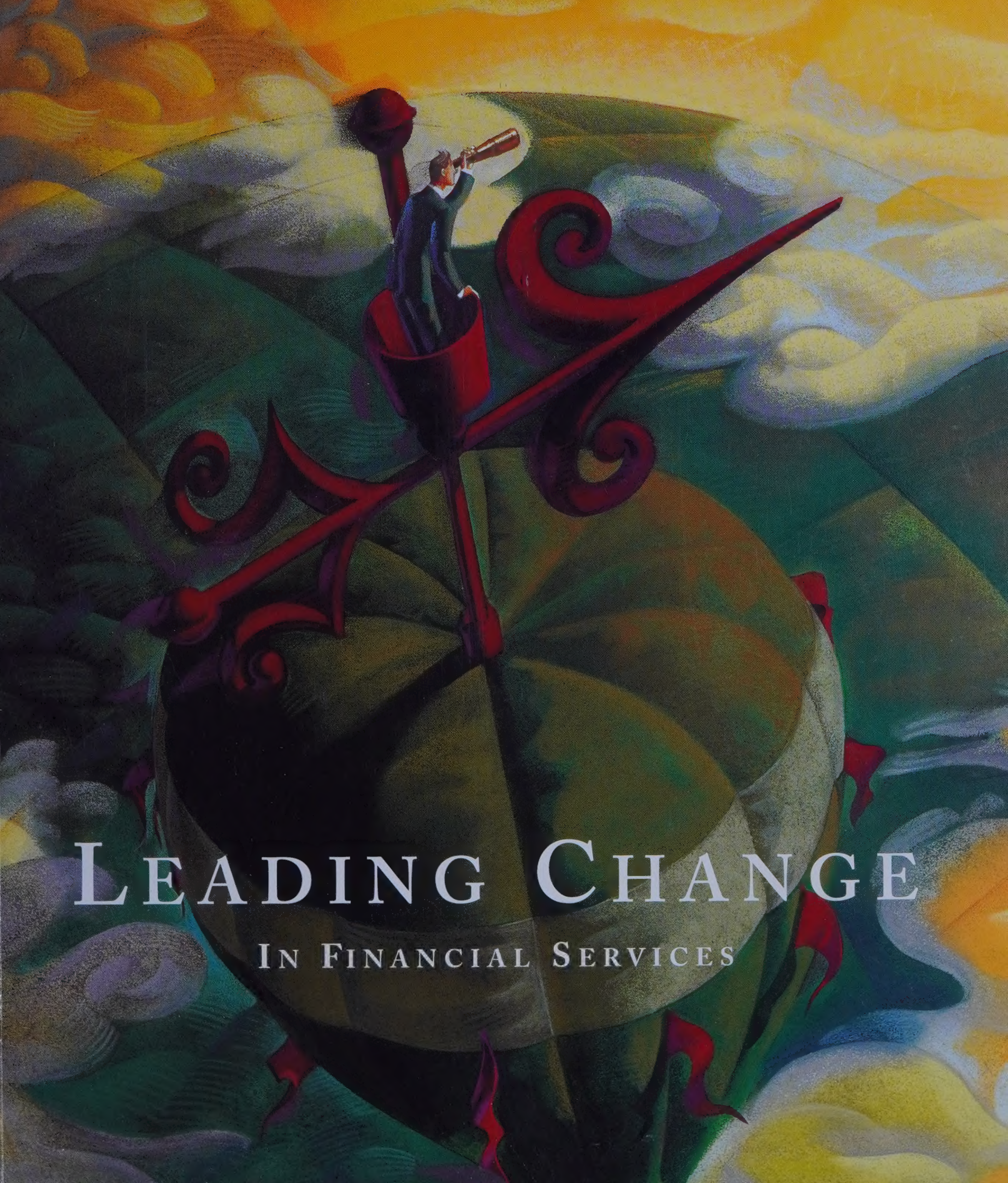
CIBC

1996 ANNUAL REPORT



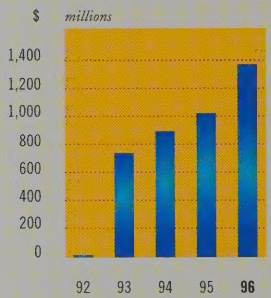
LEADING CHANGE
IN FINANCIAL SERVICES

A Diversified, Global Financial Services Company

CIBC is a full-service financial institution operating around the world, comprising two strategic business units: Personal and Commercial Bank and CIBC Wood Gundy. With $199 billion in total assets, CIBC is one of the largest banks in North America. We are committed to our customers, to strategic leadership and to maximizing shareholder value.

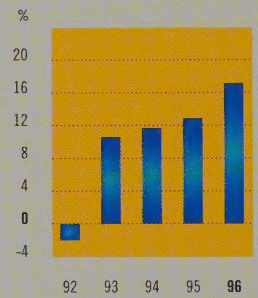
Maximizing Shareholder Return

Net Income



Net income increased 35% in 1996 to $1.366 billion

Return on Equity

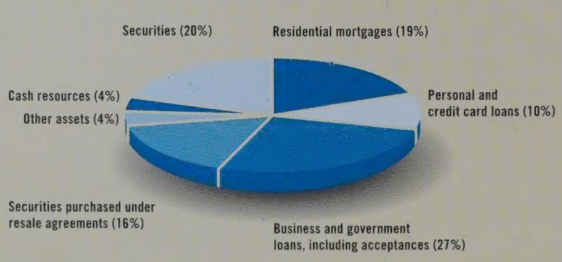


Return on equity surpassed CIBC's 1996 objective of 15%, reaching 17.1%

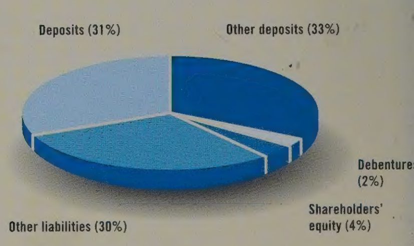
Share Price Performance

CIBC shares appreciated 53% in the fiscal year, outperforming the Toronto Stock Exchange bank sub index and the TSE 300

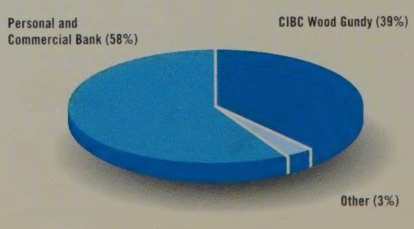
Assets
$199.0 billion



Liabilities and Shareholders' Equity
$199.0 billion



Segmented Income
$1.366 billion



Note: all figures used in this report are in Canadian dollars unless otherwise indicated, and CIBC's year end is dated as at Oct. 31.

advisory > learning > underwriting

risk management > securitization

mining > pro

credit card

high yield

> money

market pr

insurance

industry

telephone

banking >

product

LEADING SOLUTIONS

mining > trading and sales > debi

cards > structured finance > diversity

cash management > mortgages

convenience > youth > wealth

mergers and acquisitions

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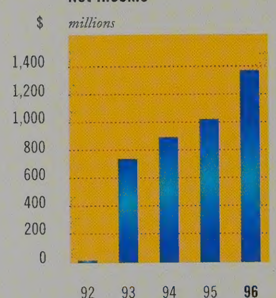

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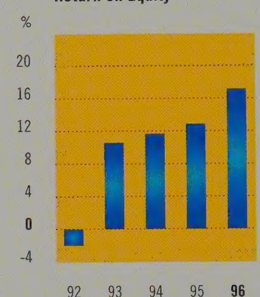
Return on Equity



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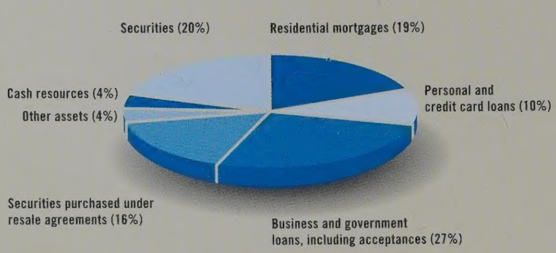

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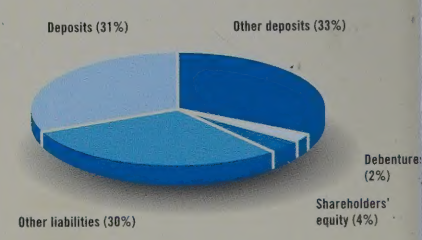

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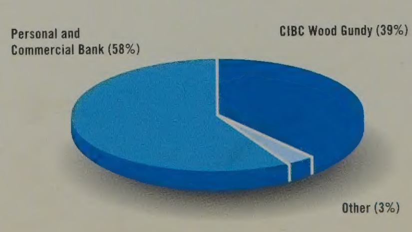

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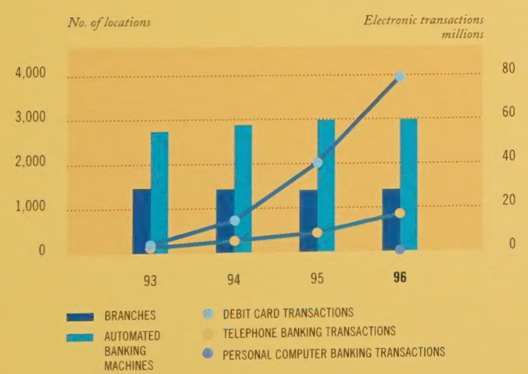
Convenience and Advisory Solutions for Individual, Small Business and Commercial Customers

Personal and Commercial Bank provides a full range of financial products and services to over six million individual customers, 300,000 small businesses and 10,000 commercial customers across Canada, and through one of the largest financial networks in the West Indies and private banking centres around the world.

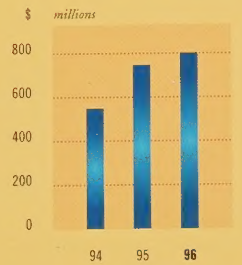
Personal and Commercial Bank provides innovative and convenient banking transactions for all of its customers and financial advice for those clients with more complex financial needs. It manages more than $177 billion in funds on behalf of its clients, including $55 billion in personal deposits, $45 billion in mortgages, $21 billion in commercial loans, $19 billion in consumer and credit card loans, and $8 billion in mutual funds.

Leading Change in Retail Banking

Delivery Channels



Personal and Commercial Bank Net Income



While the number of branches has remained relatively constant, CIBC is responding to customer demand for more convenient and accessible banking by investing in a host of new access options including debit cards, telephone banking and, more recently, PC banking.

Customer solution strategies are supported by:

Mortgages

CIBC Mortgages Inc. offers loans secured by first mortgages on principal residences as well as commercial properties throughout Canada.

Credit Cards

CIBC Visa offers consumers a range of credit card options, from the CIBC proprietary Classic and Gold cards to co-branded cards such as Aerogold, Ford, Ford Gold, Club Z and VacationGold.

Insurance

CIBC Insurance offers a full range of insurance products including term life, accidental death, travel, home and auto.

Small Business

CIBC has made a strong commitment to the small business sector and works with entrepreneurs to help them realize their personal and business financial objectives.

Commercial Banking

Commercial clients can access a full range of banking and investment products and services, including commercial credit, cash management, payroll services, equipment finance and trade finance.

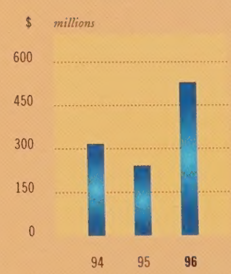
Integrated Financial Solutions for Corporate, Government and Institutional Clients

CIBC Wood Gundy, CIBC's corporate and investment banking business, creates innovative credit and capital market solutions for its clients throughout the world.

Leading Change in Global Finance

Increasingly, CIBC Wood Gundy's expertise is being recognized by the global marketplace.

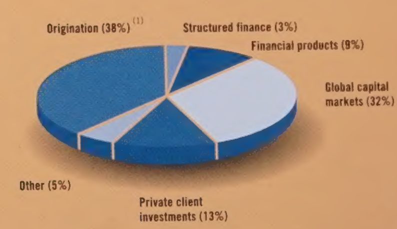
CIBC Wood Gundy Net Income



- Ranked as **Canada's best securities firm**, 1996 and 1995, *Euromoney*
- Singapore financial products team named to **Superstars List**, 1996, *Global Investor*
- Ranked among **top six financial institutions worldwide** for **energy industry expertise**, 1996, *Petroleum Economist*
- **First for Canadian dollar Eurobonds**, 1996, *International Financing Review*
- **Third in asset securitization** in the United States, 1996, *Moody's ABCP Market Overview*
- **No. 1 arranger for U.S. project finance** throughout the Americas and ranked seventh globally, 1995, *Project Finance International*
- **No. 1 for Canadian dollar interest rate swaps, swaptions, options and forward rate agreements,** 1996 and 1995, *Risk Magazine*
- **First for straight high yield debt financings**, 1995, *Securities Data Company*
- **Leading provider of municipal letters of credit** in the United States, 1995, *Moody's Investors Service*

CIBC Wood Gundy Revenues

(% of total operating segment revenue)



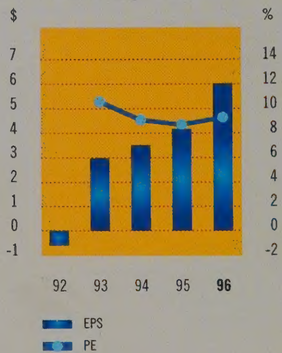
(1) Includes origination/corporate finance, loan products, loan underwriting & distribution and mergers & acquisitions.

Financial Highlights

for the years ended October 31	1996	1995	1994	1993	1992
Per Share Statistics					
Earnings	**$ 6.04**	$ 4.18	$ 3.52	$ 2.99	$ (0.59)
Dividends	**$ 1.70**	$ 1.48	$ 1.32	$ 1.32	$ 1.32
Book value at year end	**$ 37.24**	$ 33.85	$ 31.18	$ 28.90	$ 27.44
Share Price					
High	**$ 56.60**	$ 37.13	$ 36.25	$ 33.63	$ 37.00
Low	**$ 36.00**	$ 31.13	$ 28.00	$ 23.63	$ 25.13
Average shares outstanding *(thousands)*	**207,514**	216,307	212,732	200,683	185,503
Balance Sheet *($ millions)*					
Total assets	**$ 199,041**	$ 179,244	$ 151,033	$ 141,299	$ 132,212
Average assets	**$ 186,733**	$ 158,152	$ 149,060	$ 137,307	$ 126,415
Cash resources and securities	**$ 47,937**	$ 53,674	$ 38,189	$ 32,047	$ 26,300
Loans and acceptances	**$ 142,551**	$ 118,436	$ 107,197	$ 104,250	$ 100,972
Deposits	**$ 127,421**	$ 129,482	$ 115,462	$ 110,905	$ 107,018
Common shareholders' equity	**$ 7,670**	$ 7,324	$ 6,744	$ 6,076	$ 5,178
Average common shareholders' equity	**$ 7,332**	$ 7,003	$ 6,393	$ 5,664	$ 5,318
Earnings					
Total revenue *($ millions)*	**$ 7,459**	$ 6,427	$ 6,359	$ 5,738	$ 5,381
Net income (loss) applicable to common shares *($ millions)*	**$ 1,254**	$ 904	$ 749	$ 599	$ (108)
Net interest margin (%)	**2.55%**	2.66%	2.75%	2.79%	2.86%
Provision for credit losses *($ millions)*	**$ 480**	$ 680	$ 880	$ 920	$ 1,835
Non-interest income *($ millions)*	**$ 2,706**	$ 2,223	$ 2,252	$ 1,903	$ 1,769
Non-interest expenses to revenue ratio (%)	**61.5%**	62.1%	61.4%	61.8%	64.8%
Balance Sheet Quality					
Tier 1 capital ratio (%)	**6.8%**[1]	7.0%	7.1%	6.9%	5.9%
Net impaired loan ratio (%)	**0.5%**	1.2%	1.4%	2.3%	3.0%
Individual deposits to loan ratio (%)	**60.7%**	63.6%	63.2%	62.2%	58.5%
Profitability (%)					
Return on average common equity	**17.1%**	12.9%	11.7%	10.6%	(2.0)%
Return on average assets	**0.73%**	0.64%	0.60%	0.53%	0.01%

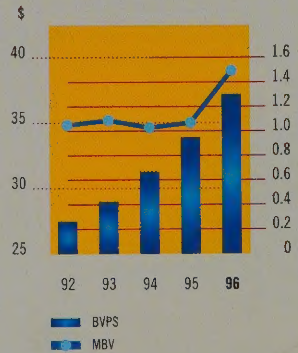
(1) Proforma basis, as described on page 59.

Earnings Per Share and Price/Earnings Multiple



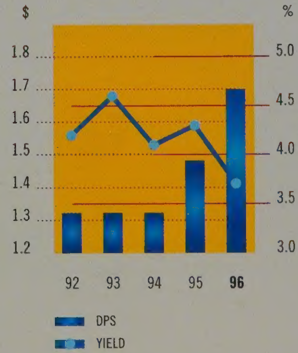
Earnings per common share increased 44% in 1996 and the price/earnings multiple improved to 9.2 from 8.7.

Book Value Per Share and Market to Book Value



A 10% growth in book value to 37.24 per share and an increase in the market to book value ratio to 1.5 drove share prices higher.

Dividend Per Common Share and Yield



Indicated common dividends per share were increased by 22% to $1.80 annualized, and the yield to shareholders at year end was 3.7%.

Demonstrating Results

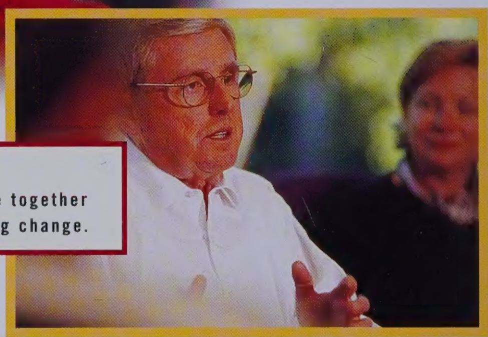
I am pleased to report that 1996 was a record year. It was a year of record profits, record shareholder returns and record operating performance across many of our business lines.

We have generated strong earnings from our core businesses and we are demonstrating excellent results from our ongoing strategic investments in new businesses and in employee development. Through these investments, CIBC will continue to respond effectively to the technological and competitive changes sweeping across our industry and to the dramatic changes in customers' financial needs and priorities.

CIBC employees have been the catalyst for our remarkable progress throughout the '90s. We have given employees more latitude in serving our customers and we have supported them by providing the tools they need to fully satisfy customer needs, and by creating a reward system that recognizes excellence.

We are also proud of the broad range of our community involvement—from the creation of the Canadian Youth Business Foundation, which helps young people realize their entrepreneurial dreams, to our leadership role in the United Way and the Children's Miracle.

Clearly, CIBC has achieved a new level of performance.



INVESTING IN LEADERSHIP

Through the CIBC Leadership Centre, all levels of employees come together to focus on business objectives, leadership qualities and managing change.

Financial Highlights

Net income increased 35% to $1.366 billion. Earnings per share reached $6.04, up 44% from a year ago. In the first three months of the fiscal year, we successfully repurchased 10.8 million common shares under a buyback program. Return on equity, at 17.1%, reached its highest level ever. We continue to target a 16-18% return on equity over the long term.

Shareholders are benefiting from our success. In fiscal 1996, CIBC's share price increased 53%, outperforming the other major Canadian banks and the Standard and Poor's regional and money centre bank indices in the U.S. We also increased our quarterly dividends per common share by 22%.

Maximizing Shareholder Value

Building from our leading-edge strategic thinking, we will continue to maximize shareholder value through disciplined capital allocation, clear performance measures and a strong focus on managing risks and costs. We are also developing an economic value-added approach to managing our business units, which will give CIBC a standard yardstick for measuring the performance of our diverse portfolio of businesses.

Our expense ratio has improved to 61.5% from 62.1%. Expense management is a priority, but we will continue to make strategic investments to ensure we can successfully

INVESTING

to meet our customers' *changing needs*

"We are demonstrating **excellent results** from our ongoing **strategic investments** in new businesses and in employee development."

meet the changing needs of our customers in the future. We expect to achieve our target expense ratio of 58% by the year 2000.

We are effectively managing the quality of our balance sheet. Net impaired loans declined to 0.5% of loans and acceptances, and provisions for loan losses fell to $480 million from $680 million in 1995. This year, we added $150 million to our general provision bringing it to $400 million. In addition, we have made significant investments in people and technology to build a world-class, market risk management capability. Our capital ratios remain strong.

Strategic Steps Forward

The pace of technological change, shifting demographics and new global competitors are fundamentally changing our customers' needs and expectations. We have responded with market-leading strategies.

Personal and Commercial Bank

Personal and Commercial Bank is changing to meet the full spectrum of our customers' service and delivery preferences. Today, our customers require sophisticated financial advice. At the same time, they need efficient banking transactions. Some want to deal in a branch, while others prefer the latest in electronic delivery systems. As these customer needs evolve, CIBC is evolving with them.

We are redesigning our delivery systems, developing new products and services, and continually upgrading the advisory capabilities of our employees—all with the goal of providing superior advice, convenience and value. The result has been better service for customers, increased revenues and improved operational efficiency.

Personal and Commercial Bank's list of accomplishments this year is impressive. We completed a year-long market test to build the bank of the future and announced plans to roll out this new approach to branch banking

Corporate

- Simplified transaction fees and enhanced rewards for banking electronically
- Launched a major initiative to improve convenience and advisory banking service in the Greater Toronto Area
- Introduced a flexible life insurance product
- Added 11 new mutual funds, bringing CIBC's total of no-load funds to 28
- Opened new telephone banking centres in Halifax and Regina, tripling our capacity
- Joined with Mellon Bank to provide institutional trust and custody services in Canada

"As customer needs evolve,

CIBC is evolving with them."

in 1997. We launched two telephone banking centres and a secure, low-cost personal computer banking service that individuals and small businesses can access 24 hours a day. CIBC Visa remains the largest credit card operation in Canada and, in 1996, we added VacationGold to our family of card products.

In mortgages, we developed a strategy to become the innovative leader in residential mortgage sales and service within a new subsidiary, CIBC Mortgages Inc. Our position as the leading bank in insurance was strengthened with the introduction of a flexible life insurance product and we became the first Canadian bank-owned insurance company to underwrite and distribute our own life and creditor products. To encourage growth and innovation in Canada, we announced a $100 million equity fund to provide venture capital financing to early-stage knowledge-based businesses.

Following the restructuring of our West Indies operations, we continued to provide new products to better serve individual and business customers in the region.

CIBC Wood Gundy

In 1996, CIBC Wood Gundy, the first Canadian bank to fully combine its

BEING SEEN

as a leader by all who have

Developments

- Established a new subsidiary, Intria Corp., and formed alliances to enhance processing and technology support services
- Built a North American high yield capability
- Extended traditional North American industry strengths to our international network
- Developed strong capabilities in financial products, high yield financing and structured products
- Acquired new industry specialization in airlines, aerospace and defence
- Increased strategic commitment to the U.S. marketplace

corporate and investment banking operations, continued its push to provide integrated financial solutions to support the goals of clients worldwide. During the year, we advised and participated in some of the most complex and innovative transactions in our history, and our leadership in such areas as derivatives, project finance, loan underwriting, high yield finance, and mergers and acquisitions was confirmed.

Concurrent with our marketplace successes was a steady build-up of our capabilities in Europe, Asia and North America. We acquired a global industry strength in airlines, aerospace and defence, and we further expanded our traditional strengths in energy, mining, oil and gas, multimedia and technology, and forest products. CIBC Wood Gundy obtained primary dealer status for U.S. government securities. Meanwhile, we formed a joint venture in Canada, CIBC Mellon Global Securities Services, to provide institutional trust and custody services to Canadian investors.

Euromoney, in naming CIBC Wood Gundy the Best Canadian Securities Firm for the second consecutive year, stated that we have "led the way in marrying commercial and investment banking operations."

Building On Our Strengths

CIBC has generated far more than a record year. We have built on our strengths and invested in the future. And we have endeavoured to meet the diverse needs of all our stakeholders—our customers, our employees, our communities and our shareholders.

These actions form a strong foundation for CIBC's continued leadership in the financial services industry. I want to thank all those who have contributed to our successes and for your confidence and your trust in our future.

A.L. (Al) Flood, Chairman and Chief Executive Officer, CIBC

Personal and Commercial Bank

Building the bank of the future

This was a year of accomplishment for the Personal and Commercial Bank. We expanded our wide range of delivery options by introducing banking by personal computer, opening two telephone banking centres, and increasing functionality in our automated banking machines. We successfully tested a new approach to branch banking that will carry its competitive advantage into the future. We simplified service fees, and offered ways to make banking with CIBC less costly. As a result of these and other achievements we enhanced our reputation as an acknowledged leader in retail banking innovation. This was recently confirmed in a report by the distinguished U.K.-based Economist Group.

In 1996, we continued to build market leadership in our business lines. We are leaders in both credit cards and insurance. This year we embarked on a strategy that will secure a leadership position in mortgages.

And we continue to be forward thinking. We're investing in ways to make it easier for knowledge-based technology and services companies to obtain capital to help spur growth and create jobs in Canada. We're also supporting small and commercial businesses through the introduction of new products and services.

Retail banking in Canada is at a crossroads. It is critical to lead the innovation in delivery of financial services to meet changing customer needs and stay ahead of increasing competition. We have invested significantly to better serve the one in every three Canadian households that is a CIBC customer.

Our strategy is simple yet powerful: to efficiently meet the transactional banking needs of all our customers and to provide expert financial advice to those with more complex financial needs. By providing innovative financial solutions and increased accessibility, CIBC is leading the revolution in the delivery of retail financial services.

All our strategies and initiatives are designed with a view to enhancing customer satisfaction. And at every turn, our employees have been central to the successful execution of this approach and the overall success of Personal and Commercial Bank.

Holger Kluge

Holger Kluge, President, Personal and Commercial Bank


Leading change through our ability to
innovate

Meeting Customer Needs Better

Delivering financial services when, where *and* how customers want them

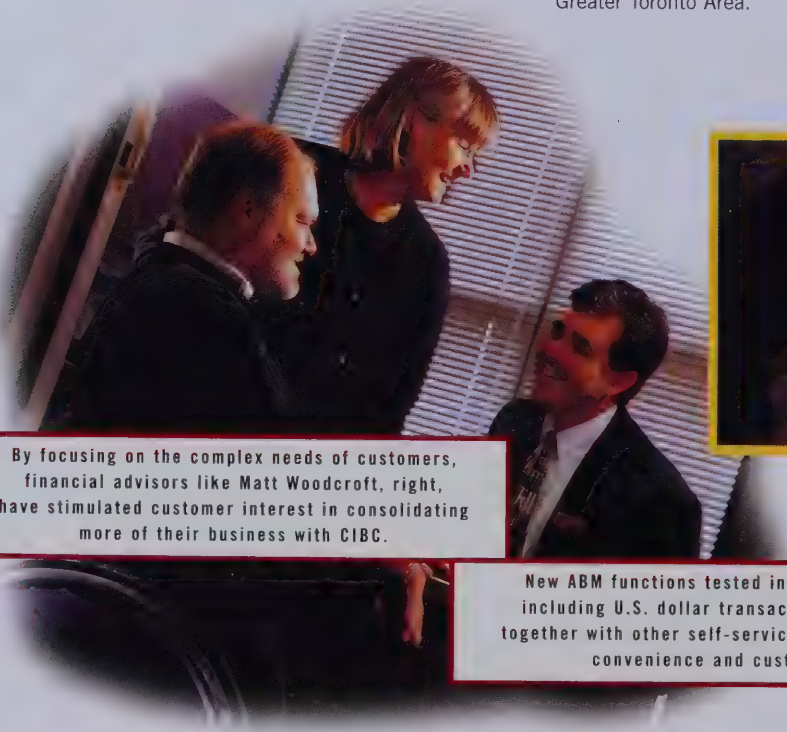
Our retail banking success comes from a strong focus on customer needs through refined market segmentation, and then delivering to those needs. We are providing our employees with the tools and learning opportunities they need to implement this strategy.

We have developed two distinct but interdependent approaches. All CIBC customers receive convenient, consistent and cost-effective delivery of everyday banking through their choice of a range of access options, giving them the freedom to bank anywhere, anytime. Customers with more complex needs can choose to receive tailored financial advice and solutions. Small business customers can choose electronic access and benefit from a streamlined credit approval process.

In the fall of 1995, CIBC began testing elements of this strategy in St. Catharines, Ontario. This year-long test confirmed that most customers embrace the convenience and flexibility of self-service banking. In St. Catharines, automated banking machine deposits now surpass over-the-counter deposits, and 90% of customers wait less than a minute for banking services — down from an average pre-test wait time of four to five minutes. Today, customer satisfaction levels surpass pre-test ratings.

The test also showed that interest in consolidating more business with CIBC by customers with more complex financial needs increased after a financial advisor introduced them to investment planning.

Based on these findings, CIBC is introducing similar delivery and service changes throughout the Greater Toronto Area.



By focusing on the complex needs of customers, financial advisors like Matt Woodcroft, right, have stimulated customer interest in consolidating more of their business with CIBC.

New ABM functions tested in St. Catharines, Ontario — including U.S. dollar transactions and coin dispensing, together with other self-service channels — have increased convenience and customer satisfaction.

Delivery

Leading convenience *and* choice

In 1996 alone, CIBC customers conducted more than 300 million transactions through self-service channels, including telephone banking, automated banking machines and debit cards.

This is a big change in the way customers access financial services. For customers, the traditional branch system is now one of *many* access points and the role of CIBC in simplifying their financial lives is expanding. For example, debit card payments outstripped expectations in 1996, increasing 96% over 1995 to more than 82 million transactions.

In the same period, telephone banking transactions increased 100% to 16.7 million transactions. This enthusiasm for banking by phone prompted CIBC to open two telephone banking centres in Halifax and Regina in 1996, and to increase total capacity to 30 million calls per year.

CIBC also introduced new ABM functionality. This includes U.S. dollar deposits and withdrawals, capacity to dispense Canadian coins and ABM access by small businesses. And CIBC established a low-cost, personal computer banking service that uses a secure private data network.

CIBC has launched a pilot project to replace cash with a card. In tests during the year in Guelph, Ontario, Mondex is using leading-edge technology that allows customers to store the electronic equivalent of cash on a plastic card. The product offers new convenience and security, while providing a record of expenditures.

Mortgages

More choice, *better* service

Today's consumers have more choice and benefit from greater cost efficiencies in mortgages than ever before, thanks to fundamental changes in the way mortgages are sold and managed.

In 1996, CIBC restructured its mortgage business into three separate and focused units — **origination**, where the goal is to win and retain business; **servicing**, where the mortgage is managed until it is discharged; and **securitization**, where mortgages are pooled and sold to investors.

Today, CIBC is the leader in the Canadian securitized mortgage market, and we are intent on becoming the leader in residential mortgage origination and servicing throughout Canada by the year 2000. To achieve this, we are applying the same successful management concepts that have made us No. 1 in card products in Canada.

In late 1995, we acquired FirstLine Trust, and a securitized mortgage portfolio of over $5 billion which immediately expanded our access to important segments of the mortgage market. Through FirstLine's strong relationships with independent brokers, CIBC now has a new route to the mortgage market. As well, we now have 160 mortgage specialists who work closely with real estate agents and home builders. By leveraging our technology and expertise in securitization, we are aggressively lowering costs and improving service.

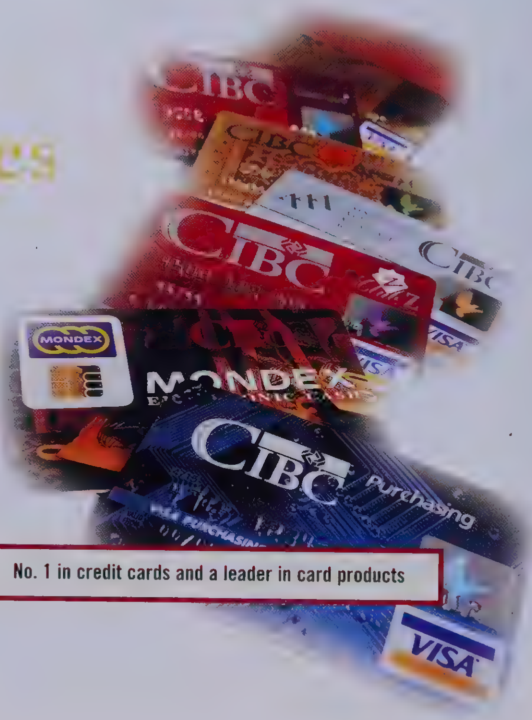
Credit Cards

The widest range of rewards *and* features

CIBC is Canada's credit card provider of choice, with more than five million cards in circulation. We offer the widest range of card products and features. And, by successfully meeting a variety of segmented customer needs, CIBC has secured the No. 1 market share position by sales volume. Furthermore, CIBC Aerogold Visa is the most popular gold card in Canada today.

Our success is built on leading-edge technology and innovative co-branding with such companies as Air Canada, Ford and Zellers.

CIBC's advanced database marketing capability has enabled us to define and target precise customer groups, launch new products quickly and enhance customer service. With competition intensifying from both domestic and international financial institutions and retailers, this database capability has proven to be a distinct competitive advantage.



No. 1 in credit cards and a leader in card products

Technological capability has also made CIBC a market leader in fraud management and other forms of risk management — an important tool for managing rising trends in bankruptcies and fraud.

Insurance

Accessible, simple *and* affordable products

Penny Di Lorio is part of a growing telephone sales team that has demonstrated the importance of convenience to insurance customers.

In three short years, CIBC's aggressive entry into insurance has made us a leader in product and service innovation. Our success to date represents an important platform for future growth in both products and revenues.

Today, CIBC's insurance subsidiaries offer individual life and creditor, and individual and group home and auto insurance products. In 1996, we launched a uniquely flexible life insurance product and entered the Alberta auto insurance market.

CIBC is building market share by providing accessible, simple and affordable insurance products. Our key strategies are to apply superior direct target marketing and to operate with better than average expense and loss ratios. Our emphasis on direct telephone distribution to customers; salaried rather than commissioned agents and the newest technology allows CIBC to meet customer needs at a lower cost. Other distribution channels include bank branches for products like creditor and travel insurance, a small mobile life insurance sales group and electronic channels like the Internet.

With more than two million life and general insurance policies held by our customers and close to 1,200 employees, CIBC Insurance expects to grow its premium revenues to in excess of $1 billion by the year 2000.

CIBC is • the first Canadian bank to establish its own insurance subsidiaries after the 1992 reforms • through its insurance subsidiaries, the first Canadian bank to underwrite and distribute a range of life insurance products, and the first in North America to underwrite and distribute its own home and auto insurance products • through The Personal, the largest employer-sponsored home and auto insurer in Canada.

Our goal in 1994 was to build a new organization, one that would help clients respond to the opportunities presented by globalization. Two years later, our significant progress bodes well for future success.

Our clients want access to global markets. They want tools to manage the risks and seize the opportunities in cross-border ventures. And they want the financing solution that best fits their goals and capital structure, be it senior debt, subordinated debt, high yield debt or equity. Their needs have become our mandate.

In two years, we integrated our corporate and investment banking activities, acquired new industry expertise, expanded our product knowledge and built a global network through new regional strengths. With a significant part of new business investments behind us, we are building our client franchise in targeted markets and industries.

In the past year, CIBC Wood Gundy financiers and advisors have helped corporations, institutions and governments all over the world. China Northern Airlines relied on us for our industry and derivatives expertise. Taiwan used our advisory expertise to further develop the country's power generation infrastructure. In the U.S., we completed one of the biggest deals in the history of CIBC Wood Gundy: a US$1 billion-plus merger between automotive suppliers. And we led the largest ever syndicated loan financing in the European cable industry.

We also participated in more than $4 billion in aviation financings over a seven-month period, and became a U.S. primary dealer. Worldwide, we have used our world-class skills in all classes of derivatives to further the goals of clients.

These successes are a ringing confirmation of the right strategy implemented well.

John Hunkin, President, CIBC Wood Gundy

Leading change through our ability to grow

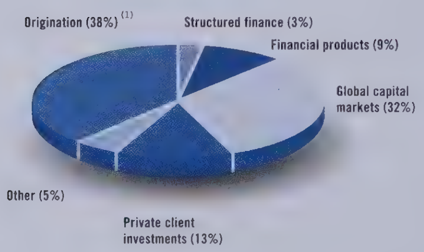
U.S. Capability

The U.S. market *offers* liquidity, scale and an important business base

CIBC Wood Gundy's trading room in New York is part of our world-class global network to serve clients.

CIBC Wood Gundy Revenues

(% of total operating segment revenue)



[1] includes origination/corporate finance, loan products, loan underwriting & distribution and mergers & acquisitions.

Improved revenue generation in 1996 came from new and growing businesses, particularly financial products and high yield debt, and growth in underwriting and brokerage activities.

The U.S. market is an important one for CIBC Wood Gundy. It offers liquidity, scale and an important base from which to deliver innovative solutions to North American clients as they cross borders to pursue new business opportunities.

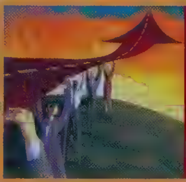
Today we are building a leadership position in originating client transactions in such key businesses as asset-based finance, derivatives, high yield, and global capital markets. All of these activities are based on our goal to substantially increase revenues from U.S.-based businesses.

CIBC Wood Gundy's leadership in project finance is built on the success of projects like this copper mine in the Chilean Andes and our ability to combine industry, product and project expertise into the best solutions for clients.

The leading underwriter *and distributor* of debt in Canada

A key element of our strategy is to increase our off balance sheet activities through loan syndication and securitization, and through participation in the loan trading and sales market as it develops.

Clients look to us for financing options that respond flexibly to their capital structure. Our ability to satisfy this preference is evident in the significant improvement in our rankings in both the U.S. and global league tables. In the first half of 1996, we led the syndication of over US$16 billion in 64 different transactions—an increase of 167% over the same period in the prior year. Much of this was generated from our new, fully operational secondary loan trading and sales group in New York.



In Canada, CIBC Wood Gundy enjoys a 40% market share in loan syndication.

In Canada, CIBC Wood Gundy is the leading underwriter and distributor of debt. Between November 1995 and April 1996 we arranged and distributed more than $6 billion in loans. We continue to rank No. 1 in both dollar volume and in number of deals syndicated, and now enjoy a 40% market share.

In the U.S., CIBC Wood Gundy was one of the 10 most active underwriters and distributors of bank loans in 1996.

In Europe, we are leveraging our reputation in media and telecommunications and energy to become one of the top 10 underwriters and distributors of bank loans for these industries. In Asia Pacific, we are underwriting and distributing bank loans through CIBC CEF, a highly regarded, regional corporate finance specialist.

Solutions

Canada's best securities firm according to *Euromoney*

The merger of two large automotive suppliers required CIBC Wood Gundy's integrated support in every part of the client's capital structure.

With product capabilities, industry expertise, risk management skills and presence in financial centres the world over CIBC Wood Gundy creates solutions that make a true competitive difference to clients.

No deal better exemplifies the depth and breadth of CIBC Wood Gundy's capabilities than the 1996 US$1 billion-plus merger of two automotive suppliers, Hayes Wheels International, Inc. and Motor Wheel Corp. The client required our involvement in every part of its capital structure, including a syndicated loan, a high yield bond offering and an equity investment.

In a similarly sized transaction, we helped Outdoor Systems acquire Gannett's outdoor advertising division for US$935 million by advising on and financing the entire transaction. Our participation included mergers and acquisitions advice, senior bank debt, subordinated bridge financing, and preferred equity bridge financing.

Here are just a few of the strengths that combined to distinguish CIBC Wood Gundy in the global marketplace in 1996.

Project Finance

Project finance is a specialized form of financing used in megaprojects like the construction of a power plant or an airport. CIBC Wood Gundy's project finance skills, recognized by *International Financing Review* as the market leader throughout the Americas, are in demand globally as our clients invest capital in emerging markets.

CIBC Wood Gundy deal teams, comprising industry, product and project finance specialists, have made significant contributions around the world to major infrastructure and natural resource projects — including a copper project in the Chilean Andes and a joint venture to develop half a million new telephone lines in Indonesia.

A key reason for CIBC Wood Gundy's success in project finance is our network of experience in both the capital *and* credit markets, and our incomparable industry experience.

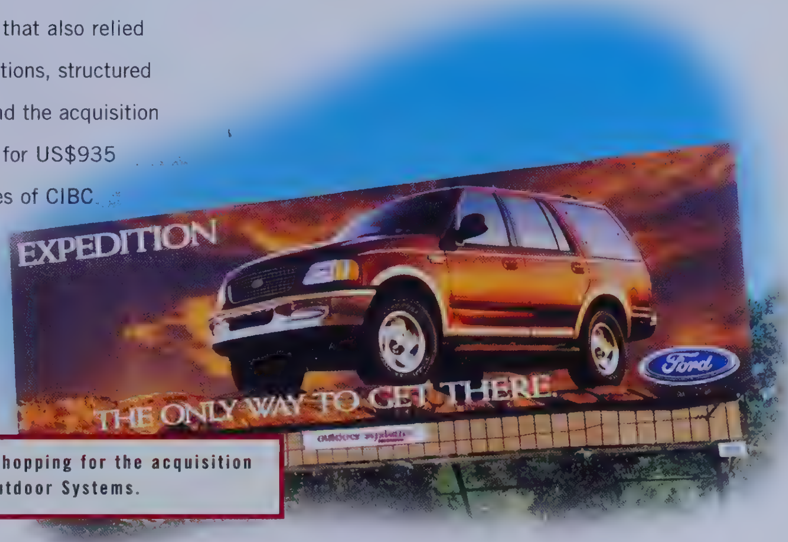
CIBC Wood Gundy leads in project finance throughout the Americas.

Media and Telecommunications

Solutions that *enable clients* to pursue borderless visions

Long recognized as a global expert in the converging media, telecommunications and information technology industries, CIBC Wood Gundy is active in innovative projects around the world. The US$615 million project financing for PT Aria West — an Indonesian joint venture company that also relied on our skills in project financing, syndications, structured trade finance and financial products — and the acquisition of Gannett's outdoor advertising division for US$935 million by Outdoor Systems are examples of CIBC Wood Gundy's versatility and strength.

In addition to close working relationships with product groups like project finance and mergers and acquisitions, the global media and telecommunications groups will continue to help clients raise significant amounts of capital in the high yield market.



CIBC Wood Gundy provided one-stop shopping for the acquisition and financing needs of Outdoor Systems.

Airlines, Aerospace and Defence

Industry specialization, *global* teamwork

CIBC Wood Gundy created a new industry specialization in airlines, aerospace and defence in 1996, a year when that industry's business cycle was beginning to take off. The new group's goal is to maximize the opportunities in a global industry that is growing twice as fast as the real rate of world economic growth.

Since airlines, aerospace and defence is a worldwide industry, cross-border financing and strategic financial advice are highly valued by clients. As a result, CIBC Wood Gundy's integrated global strategy and broad array of corporate and investment banking services are proving to be a significant advantage.

To support clients who range from aircraft manufacturers and users to airports worldwide, CIBC Wood Gundy experts in leasing, export credit agencies and public finance work closely with industry and risk management specialists. In 1996, this global teamwork led the financing of 10 Boeing 737 aircraft for CSA Czech Airlines, two for Alaska Air Lines, and six McDonnell Douglas MD-90s for China Northern Airlines, to name just a few.

Building success on the *creativity* and expertise of our people

INVESTING IN LEARNING

ABOVE: Charles Smithson, head of CIBC's School of Financial Products, leads a group of customers and employees in a Los Angeles seminar.

LEFT: Employee Lorna Laing, seated, takes a self-study program at one of CIBC's 13 employee development centres, with the help of Fazila Bacchus.

In a very short time, CIBC has built a number of successful new businesses that serve new markets and require new skills. In 1996 alone, CIBC created more than 2,200 new jobs in fast-growing businesses like telephone banking, insurance and financial products. Because changes in markets and technology result in both job growth and attrition, CIBC employees' ability to adapt and succeed in a changing workplace has become vital.

To support our employees, CIBC has built a work environment that encourages leadership, learning, diversity and performance.

Leadership

In today's highly competitive marketplace, knowledge and the ability to embrace change and manage it effectively are paramount. CIBC's strategy is to focus employees on common business objectives, bring out leadership capabilities in each one of them and create an environment where people feel involved and inspired to excel.

Through the CIBC Leadership Centre, we are developing a critical mass of leaders who can work together across diverse businesses to leverage the many strengths of CIBC and effectively support employees through change. Since the Leadership Centre's inception in 1992, 5,000 employees have attended its programs.

Programs such as Foundations of Leadership and Leading Effective Business Teams have helped CIBC employees manage and adapt to change through teamwork and shared goals.

Learning

Our employees know their success hinges on their ability to meet changing customer needs through continuous

Meeting changing customer needs through our ability to learn

learning and a personal commitment to performance. CIBC supported these goals by investing more than $43.5 million in 1996 in skills development. We provide learning opportunities that meet a range of needs—from self-directed learning programs to innovative classroom training—through a variety of facilities including the CIBC Leadership Centre, the School of Financial Products and 13 employee development centres across Canada.

In 1996, with support from CIBC, 2,100 employees enrolled in the Canadian Securities Course. The more than 500 people hired by our two new telephone banking centres in Halifax and Regina each underwent 300 hours of rigorous training. And our highly regarded School of Financial Products educated more than 3,000 clients and employees in 22 cities around the world on the prudent use of risk management tools in its initial academic year.

Diversity

CIBC sees diversity, and how we manage it, as a competitive advantage. We know that by drawing on the different perspectives and life experiences of each employee, we can strengthen teamwork within the organization, generate more creative and innovative approaches to how we work, and better meet the diverse needs of customers. To promote diversity, we dedicate each June as Diversity Month, honour diversity leaders through Champions of Diversity awards and provide learning programs geared to understanding and building on our differences.

Performance

Employees at all levels share in CIBC's success. Our compensation programs recognize marketplace competitive pay, as well as business and individual performance.

Making a difference in the *communities* where we live and work

Through a micro-loan from Canadian Youth Business Foundation and hands-on support from mentor Susan Elgie, an experienced women's retailer, Lisa Giroux (seated) established a second-hand clothing and antique store in London, Ontario.

CIBC plays a role in people's lives through the economic impact of our business, and through our efforts to make communities better places to live. As individuals, we contribute time and effort to worthy causes. As a corporation, we work in partnership with communities toward common objectives.

In 1996, CIBC donated over $15.6 million to charities, volunteer organizations and community groups. Our corporate giving is focused on community development, with an emphasis on youth, small business, education and employment growth. Within this focus, we strive to balance our support across national, regional and local causes, as well as causes supported by our employees.

Two years ago, in partnership with the Canadian Youth Foundation, we conducted research that identified youth unemployment as a critical national issue. These efforts led to the creation of the Canadian Youth Business Foundation (CYBF), a non-profit organization that provides small start-up loans as well as advice to young entrepreneurs ages 18-29. CIBC's $3 million donation to the operations of CYBF, combined with a $7 million line of credit, will help thousands of young Canadians create new small businesses over the next few years.

While sensitive to national issues, CIBC also responds to needs unique to local communities. In 1996, CIBC announced a $1 million donation to the Waterfront Regeneration Trust. The trust helps communities near Lake Ontario's waterfront implement projects aimed at economic and environmental renewal.

In other examples, CIBC contributed to a small business program at the British Columbia Institute of Technology in Vancouver, a knowledge-based business research program at the University of Alberta in Edmonton, and a small business centre affiliated with the University of Regina in Saskatchewan. We also provided funds to an agricultural research program at the University of Manitoba in Winnipeg and to the École des Hautes Études

Run for the Cure: Across Canada, 4,000 CIBC employees and their friends ran for breast cancer research, raising $241,000.

Building strong communities through partnerships

Commerciales in Montreal, Quebec. At Mount St. Vincent University in Halifax, Nova Scotia, CIBC supports a post-graduate program in entrepreneurship.

Our more than 40,000 employees continue to make a difference in the communities where they live and work. Hundreds of individual employees receive financial and other support from CIBC for community causes in which they take leadership roles. Each year, these and countless other employees act as mentors, volunteer at local agencies and participate in a host of diverse fundraising activities, from community dances to bikeathons to book fairs.

Once again, we were a leading contributor to the United Way in Canada, with $5 million donated by employees and the CIBC group of companies during the year. On December 5, 1995, CIBC Wood Gundy's annual Children's Miracle campaign raised almost $3 million globally for children's programs from brokers' commissions. In the U.S., CIBC has made US$6.8 million in credit commitments and US$1 million in investment commitments to affordable housing programs in New York City.

In 1996, CIBC's community efforts were recognized in a book published by EthicScan Canada, an independent ethics monitoring and consulting company. The study, which judged 114 companies on social responsibility, ranked CIBC among the top five firms.

In addition to the special initiatives we undertake, CIBC supports the economic development of our communities through the loans and other financial services we provide, the jobs we create, the goods and services we purchase, and the taxes we pay.

1996		*($ billions)*
Total loans	$	134
Loans to small businesses	$	8
Compensation and benefits	$	2.6
Goods and services	$	1.6
Taxes	$	1.5
Net income	$	1.4

Readers will note that we have expanded the notes to our consolidated financial statements this year (pages 66 to 93). This expansion is the result of several factors.

The Canadian Institute of Chartered Accountants (CICA) has introduced a new section (CICA 3860) to its handbook of accounting recommendations which deals with the disclosure and presentation of financial instruments. The dynamic nature of international financial markets has resulted in the widespread use of a variety of financial instruments ranging from traditional primary instruments such as bonds to various forms of derivative instruments such as interest rate swaps. The purpose of CICA 3860 is to enhance the ability of users of financial statements to understand the significance of financial instruments to an entity's financial position, performance and cash flows. CIBC and other Canadian financial institutions with October 31 year ends are required to apply these recommendations in fiscal 1997, but earlier adoption is encouraged.

In October 1995, the Office of the Superintendent of Financial Institutions, issued Guideline D-6 – Derivatives Disclosure (Guideline D-6). Guideline D-6 provides application guidance to certain of the requirements of CICA 3860 as they relate to disclosures regarding derivatives. The requirements of Guideline D-6 focus primarily on disclosures of credit risk, fair value, and terms and conditions of derivatives. Guideline D-6 also calls for supplementary disclosures, including revenues from trading activities and the regulatory capital requirements related to derivatives.

CIBC has incorporated the recommendations of CICA 3860 in this year's annual report, except for certain minor matters described in note 1 to the consolidated financial statements which will be adopted in 1997. The disclosures required by Guideline D-6 that were not already adopted prior to its effective date have also been incorporated. The notes to the consolidated financial statements which are primarily affected are 2, 3, 4, 7, 15, 17 and 18.

CIBC is a global financial institution and has prepared its financial statements on a basis consistent with International Accounting Standards for a number of years. This year, to allow better comparison with other major financial institutions in the United States and Europe who compete on an international basis, we have included additional note disclosure used in financial statements prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). The notes to the consolidated financial statements most affected are 12, 13 and 20.

Furthermore, we have enhanced our disclosures in the management's discussion and analysis of operating results and financial condition with respect to our market risk policies and methodologies associated with our operations. The market risk management discussion is provided on pages 51 to 57.

We have also included note 21 which gives qualitative and quantitative disclosures of differences between Canadian and U.S. GAAP, as well as additional disclosures in the supplementary annual financial information provided on pages 94 to 105.

Annual Financial Report
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Management's Discussion and Analysis of Operating Results and Financial Condition

Reports

Consolidated Financial Statements

Financial information has been re-classified, where necessary, to conform with the presentation used in 1996.

OVERVIEW	1996	1995	1994	1993	1992
Net income *($ millions)*	$ 1,366	$ 1,015	$ 890	$ 730	$ 12
Net income (loss) applicable to common shares *($ millions)*	$ 1,254	$ 904	$ 749	$ 599	$ (108)
Earnings (loss) per common share *(dollars)*	$ 6.04	$ 4.18	$ 3.52	$ 2.99	$ (0.59)
As at October 31:					
Total assets *($ millions)*	$ 199,041	$ 179,244	$ 151,033	$ 141,299	$ 132,212
Total capital funds *($ millions)*	$ 12,630	$ 12,350	$ 11,876	$ 10,957	$ 9,486
Regulatory total capital ratio	9.0%	9.6%	9.9%	9.7%	8.7%
Proforma regulatory total capital ratio[(1)]	9.4%	n/a	n/a	n/a	n/a
Book value per common share *(dollars)*	$ 37.24	$ 33.85	$ 31.18	$ 28.90	$ 27.44
Return on assets	0.73%	0.64%	0.60%	0.53%	0.01%
Return on common equity	17.1%	12.9%	11.7%	10.6%	(2.0)%
Non-interest expenses to revenue ratio	61.5%	62.1%	61.4%	61.8%	64.8%
Net impaired loans as a percentage of loans and acceptances	0.5%	1.2%	1.4%	2.3%	3.0%
Credit losses as a percentage of loans and acceptances	0.3%	0.6%	0.8%	0.9%	1.8%
Full-time equivalent employees	41,606	39,329	40,618	41,322	42,584

(1) The proforma regulatory total capital ratio reflects the issuances on November 1, 1996 of $300 million of preferred share capital and $250 million of debentures. Additional information is provided on page 59 and in notes 9 and 10 to the consolidated financial statements on pages 75 and 76.

n/a – not applicable

CIBC earned net income of $1,366 million or $6.04 per share in 1996, compared with $1,015 million or $4.18 per share in 1995.

Return on equity (ROE) improved to 17.1% from 12.9% in 1995, in line with CIBC's strong balance sheet and earnings potential. This solid performance positions CIBC within its target range of 16% to 18% ROE over the long term.

Contributing to the strong earnings for the year was a $200 million reduction in the provision for credit losses. This follows reductions of $200 million and $40 million in 1995 and 1994, respectively, a clear reflection of the much improved quality of CIBC's loan portfolio.

Also contributing to the year's strong results was improved revenue generation by CIBC Wood Gundy's new and growing businesses, particularly financial products and high yield, as well as significant growth in revenues from underwriting and brokerage activities, reflecting stronger capital markets in 1996. Personal and Commercial Bank maintained its trend in earnings growth contributing $51 million to the increase in net income for the year while continuing to make strategic investments to position itself for future growth.

CIBC's assets totalled $199.0 billion at October 31, 1996, an increase of $19.8 billion from last year. The growth in assets is attributable to increased consumer lending volumes, particularly residential mortgages and personal and credit card loans, as well as increases in securities and in securities purchased under resale agreements associated with the trading activities of CIBC Wood Gundy.

CIBC undertook a number of initiatives in the year to improve the efficiency of its capital base and to enhance value for shareholders. These initiatives included the repurchase of 10.8 million common shares for $441 million under a normal course issuer bid announced in November 1995. CIBC's Tier 1 and total capital ratios were 6.6% and 9.0%, respectively, at October 31, 1996, well above regulatory minimum standards. Taking into account the issuance of preferred shares and subordinated debentures on November 1, 1996, the proforma total capital ratio was 9.4%. In addition, the quarterly dividend was increased from $0.37 to $0.45 or $1.80 per share on an annualized basis.

The strong growth in net income in each of the past four years has brought CIBC to a level of earnings which reflects the quality of its assets and the positive results of strategic investments over the past number of years. Having achieved this level of earnings, CIBC expects growth in net income to moderate in the near term, compared with 1996. In 1997, CIBC anticipates moderate growth in loan balances with continued pressure on margins. Loan losses have stabilized with the improved asset quality and are expected to be business volume-driven in 1997. Substantial revenue growth from new and growing businesses is expected to continue, particularly in financial products, high yield and insurance, making non-interest income an increasingly larger part of total revenue. Spending on new initiatives, especially in Personal and Commercial Bank, will continue as CIBC invests in technology and infrastructure to ensure continued competitiveness in the changing business environment.

OPERATING SEGMENTS

CIBC has established two major strategic business units for management purposes. The Personal and Commercial Bank provides a wide range of credit, investment, advisory and insurance services to over six million individuals, small businesses, and medium-sized corporate customers primarily in Canada. CIBC Wood Gundy provides credit, capital markets and advisory services and products worldwide.

A geographic distribution of net income is provided in note 20 to the consolidated financial statements commencing on page 91.

CIBC Consolidated

$ millions, for the years ended October 31:	1996	1995	1994
Personal and Commercial Bank	$ 798	$ 747	$ 548
CIBC Wood Gundy	528	238	314
Other[(1)]	40	30	28
Net income	$ 1,366	$ 1,015	$ 890
Selected average balance sheet items			
Loans and acceptances	$ 127,837	$109,810	$105,501
Total assets	$ 186,733	$158,152	$149,060
Deposits	$ 128,488	$118,647	$116,254
Common equity	$ 7,332	$ 7,003	$ 6,393

(1) Other includes unallocated corporate centre items. In 1996, other includes a gain of $18 million, after tax, on the sale of Brazilian PDI bonds.

Personal and Commercial Bank

Personal and Commercial Bank's net income increased by 7% in 1996, to $798 million, following a 36% increase in 1995.

Total revenue grew by $353 million or 8% compared with $384 million or 9% in 1995.

Net interest income was $3,529 million in 1996, up 7% on the basis of higher loan volumes and favourable gap management. In 1996, Personal and Commercial Bank faced intense price competition and volatility in the interest rate environment.

Non-interest income increased by $134 million or 10% in 1996. Included in non-interest income was a $35 million gain on the sale of a portion of CIBC's interest in the West Indies operations. The growth in non-interest income was also driven by a continued emphasis on the generation of fee-based revenue streams as a wider range of services and products, such as insurance, fiduciary and trust services, telephone banking and debit card payment systems was offered to customers.

Non-interest expenses increased by $198 million or 7% in 1996 as Personal and Commercial Bank continued to accelerate its investment for future growth in areas such as insurance, telephone banking and PC Banking. Higher expenses also resulted from increased volumes. The provision for credit losses remained level with 1995 at $457 million, despite an increase in average loans and acceptances of $4.5 billion, or 6%.

The goal of the Personal and Commercial Bank is to become the pre-eminent retailer of financial services in Canada. It is moving toward this goal in an increasingly competitive environment and is investing to meet the challenges with innovative products and improved delivery.

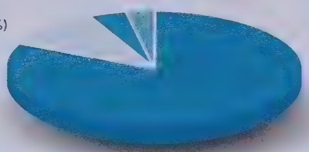
Within this context, Personal and Commercial Bank's strategy is to meet and exceed the expectations of its diverse customer base. It strives to provide value-added products and services when and where customers want them, and to deliver them in the way customers prefer.

Personal and Commercial Bank

$ millions, for the years ended October 31:	1996	1995	1994
Net interest income (taxable equivalent basis)	$ 3,529	$ 3,310	$ 3,034
Non-interest income	1,467	1,333	1,225
	4,996	4,643	4,259
Non-interest expenses	3,094	2,896	2,778
	1,902	1,747	1,481
Provision for credit losses	457	457	561
Net income before income taxes	1,445	1,290	920
Income taxes	634	532	366
Minority interests	13	11	6
Net income	$ 798	$ 747	$ 548
Selected average balance sheet items			
Loans and acceptances	$ 76,942	$72,402	$66,683
Total assets	$ 84,416	$80,421	$74,674
Deposits	$ 77,370	$76,403	$73,140
Selected statistics			
Non-interest expenses to revenue ratio	61.9%	62.4%	65.2%
Full-time equivalent employees	34,918	33,267	34,633

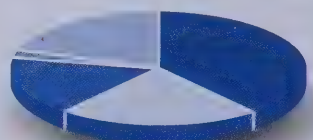
Personal and Commercial Bank Revenues

(% of total operating segment revenue)



Personal Banking

(% of total personal banking revenue)



The business is divided into four major components: personal banking, commercial banking, insurance and international operations.

Personal Banking

The personal banking business is the cornerstone of the Personal and Commercial Bank, generating 82% of the business unit's revenue. In terms of average balances, it accounted for over $64 billion of loans and acceptances, $67 billion of deposits, $7 billion of mutual funds and $2 billion of trust assets under administration.

In building the bank of the future, Personal and Commercial Bank's strategy is to achieve the highest level of customer satisfaction by focusing on delivering convenient, day-to-day transactions to all customers and providing quality advice to customers with complex needs. As part of this commitment, CIBC is ensuring employees have the technology, work processes and learning opportunities they need to be highly skilled and effective.

In 1996, personal banking continued to expand and broaden the range of delivery options to ensure that customers have wide access to CIBC's products and services. Services are provided to customers through almost 1,400 branches, offices and sub-agencies throughout Canada, as well as more than 3,000 automated banking machines (ABMs) and one of the largest point-of-sale (debit card) networks in the country. Customers also have access through over 80,000 ABMs in the United States and internationally through the Plus Network and to over 100,000 ABMs worldwide through the Visa International Network.

In 1996, CIBC invested over $50 million in two state-of-the-art telephone banking centres, in Halifax and Regina. These centres enable customers to do their banking by telephone, 24 hours a day, seven days a week. When fully operational, the centres will have a combined staff of approximately 1,000 and will be able to handle over 30 million calls a year. In 1996, CIBC also launched a secure, low-cost personal computer banking service, CIBC PC Banking, to enable customers to transfer funds, pay bills, review their account activities and access other services.

During the year, CIBC announced it is investing $160 million over the next two years to upgrade the retail banking network in the Greater Toronto Area. Through this initiative, CIBC will provide customers with faster, easier everyday banking services and customized financial planning. This includes, for example, ABMs with the ability to dispense U.S. cash and to provide improved services for small business. As part of this initiative, Personal and Commercial Bank will spend $20 million to upgrade the skills of its employees.

CIBC is a lead participant in a pilot in Guelph, Ontario, to test the Mondex "smart" cash card. Using leading-edge technology, Mondex lets consumers purchase goods and services with the electronic equivalent of cash stored on a plastic card embedded with a microchip.

Personal and Commercial Bank also took a major step forward in 1996 to reduce operating costs and improve customer service by forming Intria Corporation (Intria), a wholly owned subsidiary. Intria will support top quality customer service and will provide the infrastructure needed for future improvements in electronic banking services. In partnership with Fiserv Inc., a major international items processing company based in the United States, Personal and Commercial Bank will improve its Canadian items processing capabilities.

Personal and Commercial Bank is committed to making transaction fees simpler and easier to understand. In 1996, it simplified the fee structure, moving to a basic transaction fee of 60 cents with a 15-cent rebate to all customers for electronic transactions. In addition, customers can select from one of three low-cost, flat-fee Value Packs, for as low as $4 a month for 10 transactions. CIBC continues to offer special fee reductions for students and seniors.

Personal banking is composed of four lines of business: personal lending, small business, cards and asset management.

Personal Lending

Personal lending provides a variety of loans to consumers including residential mortgages, lines of credit and student loans. In 1996, these loans had an average balance of $49 billion, up 8% over 1995.

Mortgage loans, principally secured by first mortgages on residential properties throughout Canada, are provided on both a conventional and government guaranteed basis. In October 1995, Personal and Commercial Bank's capabilities and distribution network were expanded by purchasing FirstLine Trust Company, an innovative mortgage company that sells mortgages through independent brokers and a network of franchised mortgage centres in Canada.

Personal and Commercial Bank is a major provider of Canada Student Loans and manages the student loan business for Alberta, Manitoba, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland. In the last two years the number of student loans has doubled to over 700,000. In a 1996 independent survey, CIBC ranked No. 1 among financial institutions in terms of customer satisfaction in student loans.

Small Business

Personal and Commercial Bank is a strong supporter of small business in Canada providing debt financing to 14% of businesses. Various loan and deposit products, as well as cash management and investment planning services, are offered to over 300,000 small business owners. On average, loans to small businesses exceeded $8 billion for the year.

Recognizing the overwhelming desire of entrepreneurs to manage their business and personal finances together, CIBC has developed a number of tools to help account managers meet and integrate a wider range of customer needs. In 1996, an independent survey indicated that CIBC, at 87%, had one of the highest small business loan approval rates. Customers also gave the bank high marks for service. To further improve customer satisfaction, Personal and Commercial Bank introduced the Business Convenience Account in 1995 to give customers increased access to services through ABMs and telephone banking. In October 1996, this product was enhanced with a comprehensive selection of service fee options which give customers opportunities for significant savings.

In 1996, CIBC helped launch the Canadian Youth Business Foundation. This non-profit, private sector initiative provides mentoring, business support and micro-lending to young Canadian entrepreneurs. The foundation's goal over the next five years is to directly support the creation of more than 5,000 new businesses that will employ young people. An estimated 200,000 existing youth-owned businesses will also be able to access the mentoring and Internet programs offered.

Cards

CIBC is the leader in the Canadian credit card market, with over two million active accounts, and is the largest issuer of Visa cards in the country. Consumers have several options ranging from the proprietary Classic and Gold cards to co-branded cards including Aerogold, Ford Classic, Ford Gold and Club Z. CIBC's co-branded cards allow customers to earn rewards while enjoying the convenience and other benefits provided by the cards. In 1996, CIBC introduced the VacationGold card in partnership with Air Canada. Holders of the new card earn points toward an Air Canada Vacations package.

The card business also supports merchants and delivers added convenience through use of point-of-sale credit and debit cards. In 1996, over 82 million debit card transactions were processed, a 96% increase over 1995.

Asset Management

Personal and Commercial Bank is helping Canadians to accumulate and manage their investments to provide for a safe and secure financial future. It provides a wide range of transaction, investment, advisory, retirement and trust services.

As a large number of Canadians move into the asset accumulation phase of their lives, Personal and Commercial Bank is increasing the number of investment options it offers. In 1996, CIBC Securities Inc. added 11 new mutual funds, bringing to 28 the number of no-load mutual funds offered. T.A.L. Investment Counsel Ltd. (T.A.L.) is the investment manager for all of the funds. As the second largest private money manager in Canada, T.A.L. provides investment management services on a discretionary basis to pension and mutual funds, as well as institutional and retail clients.

Customer deposits, mutual funds and trust assets under administration amounted to $66 billion in 1996, a 4% increase over the previous year. Asset management also works in close partnership with CIBC Wood Gundy's private client investments group to help customers achieve their long-term investment needs.

Commercial Banking

Commercial banking provides a wide range of products and services to medium-sized companies throughout Canada, and works in partnership with personal banking to satisfy the personal financial needs of the owners and individuals employed by these corporations. An extensive range of loan, banking and investment services is provided through 54 commercial banking centres, as well as through specialized marketing or industry groups: oil and gas, real estate, knowledge-based businesses, mergers and acquisitions, cash management, payroll services and trade finance. Average loans for 1996 were $11 billion and deposits were $6 billion.

Through its knowledge-based business group, commercial banking helps Canadian entrepreneurs build the economy of the future. In 1996, CIBC supported innovative research and training to enhance the engineering skills and competitiveness of Canadian manufacturers by providing a grant to establish a Manufacturing Resource Centre in Windsor, Ontario.

Personal and Commercial Bank's cash management services provide customers with real-time information for cash control and electronic funds transfer capabilities. In 1996, CIBC entered into an exclusive arrangement with U.S.-based CashFlex, the largest international remittance processor in the world, to provide a comprehensive range of automated remittance or bill processing services.

Comcheq, CIBC's payroll services subsidiary, provides customers across Canada and internationally, with services to efficiently and cost effectively manage their payroll processing.

Trade finance provides expertise to assist importing and exporting customers through the use of letters of credit and other creative financing techniques.

Insurance

CIBC led the Canadian banking industry into insurance when it began its insurance operations in 1993. Through three wholly owned subsidiaries — CIBC Life Insurance Company Limited, CIBC General Insurance Company Limited and The Personal Insurance Company of Canada (collectively referred to as CIBC Insurance) — CIBC offers a comprehensive range of products to meet the needs of customers who hold over two million policies. In 1996, CIBC Insurance generated more than $338 million in net premium revenue and employed close to 1,200 people at eight locations across Canada. Over the next two years, it expects to add over 500 jobs and, by the year 2000, to produce net premium revenues exceeding $1 billion.

As well as life coverage, CIBC Life Insurance offers products ranging from basic term to mortgage and personal loans creditor coverage, travel medical and accidental death coverage. In 1996, CIBC introduced a flexible life insurance product that can be tailored to the customer's particular needs.

CIBC General Insurance and The Personal extend, respectively, individual and group home and auto insurance products to Canadians. Currently, there are over 300,000 policies in force, an increase of 16% over 1995. Over the past two years, CIBC General Insurance introduced direct auto insurance in Ontario and Alberta, and received a highly positive response from consumers. Through The Personal, CIBC is the largest employer-sponsored group home and auto insurer in Canada.

International Operations

Personal and Commercial Bank's international operations encompass primarily retail trust and banking activities in the West Indies and private banking services to high net-worth individuals in 10 countries. Average loans were approximately $2 billion in 1996 and average deposits were approximately $4 billion.

The West Indies operations offer a full range of retail and small business banking services. During 1996, CIBC continued to build and strengthen the business by creating partnerships with major local financial institutions. CIBC also provided an opportunity for individuals in the West Indies to participate in an offering of shares by its affiliate CIBC West Indies Holdings. This transaction resulted in an after-tax profit of $23 million to CIBC.

Private banking offers a full range of banking, investment, trust and advisory services to wealthy individuals through centres across Canada and in the Cayman Islands, Hong Kong, Switzerland and the Channel Islands.

CIBC Wood Gundy

From an earnings perspective, 1996 has been CIBC Wood Gundy's most successful year. Net income more than doubled compared with 1995 to $528 million, driven by a combination of revenue increases and a reduction in credit loss provisions.

CIBC Wood Gundy

$ millions, for the years ended October 31:	**1996**	1995	1994
Net interest income (taxable equivalent basis)	**$ 1,217**	$ 876	$ 1,027
Non-interest income	**1,193**	834	996
	2,410	1,710	2,023
Non-interest expenses	**1,488**	1,087	1,132
	922	623	891
Provision for credit losses	**23**	223	311
Net income before income taxes	**899**	400	580
Income taxes	**370**	162	245
Minority interests	**1**	—	21
Net income	**$ 528**	$ 238	$ 314
Selected average balance sheet items			
Trading securities and repo loans	**$ 41,718**	$ 22,896	$ 18,417
Loans and acceptances	**$ 30,436**	$ 30,115	$ 33,407
Total assets	**$100,768**	$ 76,447	$ 73,076
Selected statistics			
Non-interest expenses to revenue ratio	**61.8%**	63.6%	56.0%
Full-time equivalent employees	**5,000**	4,458	4,441

Total revenue was $2,410 million, up 41% over 1995. In 1996, revenues benefited from a series of conditions, both external and internal to CIBC. Strong securities markets prevailed for a large part of the year and CIBC Wood Gundy experienced a high level of new issue activity, particularly in the equity and high yield markets. This marked the first full year of operation for the major new businesses introduced in 1995 — financial products and high yield. Together, these two businesses contributed 35% of the total revenue growth in 1996. As well, enhanced integration of the large corporate and investment banking businesses within CIBC Wood Gundy provided the leverage to win several major transactions.

Non-interest expenses rose by 37% in 1996 reflecting the growth in business. In addition to the growth related to

the financial products and high yield businesses, expansion of global capabilities of CIBC Wood Gundy has resulted in substantial increases in expenses. Variable and incentive compensation expenses increased, reflecting improvements in revenue and net income.

CIBC Wood Gundy's strategy is to build a successful franchise in the international financial markets by meeting clients' transactional needs and providing innovative financial solutions.

To this end, CIBC integrated its corporate and investment banking activities under the marketing banner of CIBC Wood Gundy, in 1994. This was a significant first step in effectively meeting client needs for credit, capital markets and advisory products and services worldwide. This was followed by significant investments in, first, a team of professionals to build a global financial products capability and secondly, the acquisition of The Argosy Group, a New York-based investment banking firm specializing in all aspects of the high yield debt market.

Since then, CIBC Wood Gundy has acquired new areas of product and industry expertise, enhanced its traditional industry strengths, and built a global capability through regional strengths. For example, in Canada, CIBC Wood Gundy strengthened its leadership role in the equities underwriting market through the creation of a team charged with proactively identifying and facilitating such transactions. In Europe, the acquisition of Lovegrove & Associates added mergers and acquisitions capabilities in the energy industry, and a team in each of infrastructure and mining investment banking was acquired. In Asia, our strategic alliance formed with CEF in 1995 provides expertise to clients in these markets. CIBC Wood Gundy has become the premier advisor to the private power industry in Taiwan. In the U.S., the Federal Reserve Bank of New York granted primary dealer status to CIBC Wood Gundy Securities Corp., and a strategy to build CIBC Wood Gundy's market presence in all business lines has commenced.

The major business activities of CIBC Wood Gundy are organized as follows:

Origination/Corporate Finance

Organized by industries and regions, the origination/corporate finance groups initiate both corporate and investment banking transactions with sell-side clients globally. Origination team members are charged with understanding clients' needs and creating integrated financial solutions to meet those needs. Origination/corporate finance is organized into eight major groups, as described below.

Airlines, Aerospace & Defence
CIBC Wood Gundy's airlines, aerospace and defence group aims to capture opportunities in a global industry that is growing twice as fast as the real rate of world economic growth. Clients include aircraft manufacturers, airlines and airports worldwide.

Diversified Industries
This group covers a wide array of client sectors with current industry concentrations in consumer manufacturing, industrial manufacturing, services, transportation and conglomerates.

Energy
The energy groups service the oil and gas, utilities and independent power industries around the globe. CIBC Wood Gundy was ranked among the top six financial institutions for global energy industry expertise by *Petroleum Economist* in 1996.

Financial Institutions
This group serves the entire spectrum of the financial services sector, from banks and trust companies, to life, property and casualty insurers, mutual funds, broker/dealers, mortgage bankers and finance companies.

Forestry
The forestry group provides investment and corporate banking services to companies in North America, Europe and Asia. In Western Europe and Asia, CIBC Wood Gundy is promoting focused local coverage of selected regional companies and marketing to firms interested in investing in the Canadian forest sector.

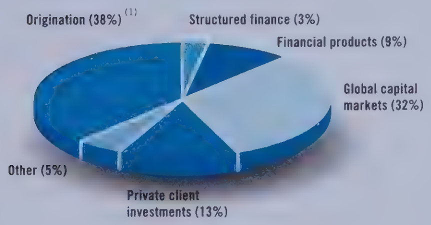
Information Technology/Media/Telecommunications
This group plays a leading role in helping clients adjust to increasing convergence, consolidation and globalization among media, telecommunications and information technology companies. The group led a series of innovative transactions in 1996, establishing it as a leading service provider to these industries.

Mining
From a strong North American base, global expansion of the mining group continued, particularly in Australia, Europe and Africa. In 1996, new mining specialist teams were established in both the U.K. and Australia.

Real Estate
The real estate group has an integrated North American focus on credit services with special emphasis on construction lending and on investment banking services relating to equity and debt origination. It recently formed a real estate securitization unit in the U.S. to complement and enlarge real estate credit and high yield activities.

The origination/corporate finance groups work closely with other business units within CIBC Wood Gundy to provide product expertise and integrated solutions to meet clients' financing needs, globally.

CIBC Wood Gundy Revenues
(% of total operating segment revenue)



[1] includes origination/corporate finance, loan products, loan underwriting & distribution and mergers & acquisitions.

Loan Products

The loan products group is organized by industry sectors to parallel the origination/corporate finance structure. It works with corporate finance units to evaluate and execute lending transactions. The group is also responsible for the origination and management of loan-product-only client relationships.

Loan Underwriting & Distribution

The loan underwriting & distribution group works with the origination/corporate finance business to establish lead loan underwriting positions by structuring and underwriting loans that are saleable in the global bank markets. It then distributes participations in these loans to banks, insurance companies, mutual funds and other institutional buyers in the primary market.

Mergers & Acquisitions

The mergers & acquisitions group provides a variety of financial advisory services including valuations, fairness opinions, takeover defences, acquisition assignments, solicitations and strategic advisory work to assist leading companies in executing merger and acquisition transactions.

Structured Finance

The structured finance group offers four key products: asset based finance, asset securitization, project finance and structured trade finance.

Asset Based Finance

Asset based finance has expanded its lease financing focus to include a wide range of tax-structured and advisory services for CIBC Wood Gundy clients. Target clients include manufacturers, lessees and lessors in capital intensive industries and governments globally. The group acts both as an advisor to clients and investors and as an underwriter.

Asset Securitization

CIBC Wood Gundy provides asset securitization in North America. It is the second-largest sponsor of asset-backed commercial paper in North America and the third largest in the U.S.

Project Finance

Project finance offers a broad array of credit, capital market and advisory services to companies engaged in project activities around the world with active involvement in energy projects, airport expansion and telecommunications projects. It was ranked as the lead project finance arranger in the Americas by *International Financing Review* and was recently named a member of *Global Finance's* "Project Finance All Star Team" for its innovative work in supporting airport construction projects.

Structured Trade Finance

The structured trade finance group finances the export of capital goods to buyers throughout the world, with an emphasis on emerging markets in Asia, Latin America and Central and Eastern Europe. CIBC Wood Gundy ranked second as a participant in the Export-Import Bank of the United States (Ex-Im Bank) supported financings in 1995.

Financial Products

Headquartered in New York, with offices in Canada, Europe and Asia, the financial products group provides clients with a wide range of over-the-counter interest rate, currency, equity, commodity and credit derivatives capabilities. This includes swaps, options, forwards, asset swaps, structured loans and structured securities on the major U.S., Canadian, European and Asian underlying markets.

The group works with other CIBC Wood Gundy specialists to help clients achieve overall strategic objectives such as minimizing capital-raising costs, hedging or diversifying existing exposures, customizing investment returns and accessing international markets. It also conducts the highly regarded School of Financial Products. During its initial year in 1996, the school educated more than 3,000 clients on the prudent use of risk management tools.

Risk Magazine ranked CIBC Wood Gundy second for credit derivatives in its 1996 survey, and first for Canadian dollar interest rate swaps, swaptions, options and forward rate agreements in 1995 and 1996. *Global Finance* magazine's 1996 market survey ranked the financial product team first in structured derivative products in Asia.

Global Capital Markets

With trading rooms in major financial centres worldwide, global capital markets encompasses debt and equity underwriting, securities sales and trading, foreign exchange and funding and liquidity management activities.

Debt Capital Markets

CIBC Wood Gundy originates, structures and syndicates Canadian dollar debt capital for government clients, Canadian and U.S. dollar debt capital for North American corporate clients, and Canadian dollar debt in the Euro markets for a target group of governments and international corporations.

Equity Capital Markets

This group provides product expertise and market intelligence in the identification, syndication and execution of new issue business. It also organizes senior coverage of major equity issuers and initiates the creation and marketing of specialized equity products, such as royalty trust units.

Foreign Exchange
In Canada, U.S., U.K. and Asia, CIBC Wood Gundy is a market maker in Canadian dollars in spot, forward and derivative foreign exchange products. The foreign exchange group actively trades Canadian dollars against G10 currencies and most freely convertible foreign currencies. The group also provides clients with products to manage their foreign exchange exposures. Its client base ranges from investment houses and central/quasi-government organizations to corporations worldwide.

Funding & Liquidity Management
Funding & liquidity management is responsible for the funding and asset liability management of the non-Canadian dollar balance sheet of CIBC, as well as the short-term Canadian dollar portfolio. It also manages CIBC's short-term liquidity, cash management operations and collateral requirements with the Bank of Canada, the Federal Reserve and clearing corporations.

High Yield
High yield products and services are organized into sales and trading of high yield debt and investment and non-investment grade private placements, investment banking, merchant banking, and research. The goal is to deliver value-added, one-stop shopping with a more diversified range of products for both issuers and buy-side customers by capitalizing on the integration of CIBC Wood Gundy products.

Institutional Equities
Institutional equities includes three business lines – agency sales, arbitrage trading, and trading and research. The strategy is to develop client-driven businesses and the arbitrage trading businesses, thereby strengthening the core Canadian franchise.

Interest Rates
CIBC Wood Gundy actively trades and makes markets in the full range of domestic and Euro-Canadian interest rate products globally. U.S. dollar activities are focused on Euro-U.S. and U.S. Treasury products. The client base is diverse, ranging from fund managers to corporations throughout the world.

Private Client Investments
This group assists individual Canadian investors in achieving their long-term investment goals. It provides equity and debt investments and mutual fund products, as well as advisory and financial planning services to individuals.

Institutional Custody
This group provides institutional trust and custody services to Canadian investors such as pension funds, mutual funds, corporations and governments. Products include domestic and global custody, domestic and international lending, multi-currency accounting and reporting, performance measurement and investor analytics.

Merchant Banking
CIBC Wood Gundy Capital is the Canadian leader in providing equity capital to private companies for expansion, recapitalizations, project finance, management buyouts and bridge financings. Focused in North America, its portfolio is over $1.5 billion, including commitments, and is comprised of over 80 investments in Canada, the U.S. and other countries. The group has developed wide-ranging capabilities in such industries as industrial/manufacturing, oil and gas, communications, entertainment, health care, high technology and retail.

Research
CIBC Wood Gundy has research capabilities in Canada, Europe, Asia and the United States. Research coverage includes international economic research, Canadian equity research and North American fixed income market research. In the United States, research is produced on the high yield and U.S. government securities markets. As CIBC Wood Gundy's international presence grows, it will make correspondingly greater investments in research capabilities.

ECONOMIC ENVIRONMENT

Canada's economic health improved hesitantly during 1996. In the first quarter, domestic spending accelerated sharply, driven mainly by lower interest rates and significant pent-up demand. This improvement occurred despite the unsettling effects of the narrow "No-to-separation" vote in Quebec in October 1995 and cutbacks in government spending. Higher consumer spending, housing demand and business spending all contributed to the strengthening of domestic demand and to an acceleration in consumer loan and mortgage demand. While domestic spending strengthened, total exports, which account for 40% of total demand, fell sharply. Consequently, the economy grew by 1.1% in the first quarter, seasonally adjusted at annual rates. This was only slightly stronger than growth in the final quarter of 1995 of 0.9%.

In the second quarter, the pattern of strong domestic demand and weak foreign demand reversed. Despite lower interest rates and rising consumer confidence, domestic demand stagnated. Unseasonably cool weather slowed consumer spending, while a drop in corporate profits helped to curtail business investment. At the same time, a marked improvement in U.S. economic growth triggered a rapid pick-up in Canada's exports. Stronger exports and a drop in imports caused by weak domestic spending moved Canada's current account, or total exports less total imports, to a surplus position for the first time since 1984. The combination of low inflation, a current account surplus, a credible approach to deficit reduction by the federal government and weak domestic demand, prompted the Bank of Canada to drop interest rates to their lowest level in more than a year. Even though domestic spending was weak, the surge in growth of exports was not matched by increased production. As a result, firms were forced to supply a large portion of the increased demand "off the shelf," i.e., out of inventory.

By mid-year, the economy was operating in a more balanced fashion. Driven by strong U.S. economic growth, export demand remained strong. From a domestic perspective, the effects of lower interest rates, stronger employment growth and improved consumer and business confidence gave consumer spending some much needed stimuli and contributed to an upward revision in business investment plans. Also, in response to the increase in foreign demand and despite the lacklustre growth in profits, companies revised their investment plans higher. While lower interest rates helped to stimulate housing demand and consumer spending, employment growth was quite uneven. Due to the direct and indirect effects of cutbacks to public sector employment, the unemployment rate remained above 9.5% for much of the third quarter.

While generally restrictive fiscal policy dampened employment growth at the national level, along with lower interest rates, it contributed to a significant decline in the federal deficit. Moreover, the combination of spending cuts and higher than projected revenues caused the deficit as a percent of GDP to fall to its lowest level since 1982. By the end of summer a very strong fiscal position, a low rate of inflation, plus a lacklustre pace of employment growth prompted the Bank of Canada to ease monetary policy further. As a result, interest rates fell to their lowest level since 1956. This has set the stage for a stronger pace of domestic spending and employment growth in 1997.

Although Canada's economic performance in 1996 paled when compared with that of the United States, it was stronger than most major developed European countries in terms of GDP growth, job creation, inflation, and deficit reduction. In contrast, growth in Germany, France and Italy was generally subdued. In the United Kingdom a stronger pace of consumer spending and housing demand caused domestic demand to strengthen over the year despite a deterioration in that economy's foreign trade balance. In Japan, after accelerating sharply in the first quarter due to a surge in government spending and housing, related to rebuilding following the Kobe earthquake, growth slowed over the remainder of the year. Because of this healthy beginning and a gradual increase in private sector spending, growth in Japan outpaced the other major developed countries.

In 1997, while fiscal policy will likely continue to be a drag on growth, the economic climate in Europe should improve in response to lower interest rates, stronger consumer and investor confidence and improved foreign sales. In addition, although growth in Japan, which is Canada's second largest foreign customer, is projected to be slower in 1997 than in 1996, stronger import penetration there should lead to stronger Canadian sales.

Turning to the United States, in response to the recent pattern of strong growth and upward pressure on wage costs, the Federal Reserve will likely tighten monetary policy leading to higher interest rates early next year. However, inflationary pressure in the United States is quite low and the economy has considerable momentum. Therefore, this tightening is unlikely to short-circuit growth.

Next year, the combination of continued growth in the United States and a moderate improvement in markets in Europe and Japan should underpin Canada's trade performance. From a domestic perspective, continued efforts to eliminate deficits at the federal level, as well as among key provinces, will continue to dampen growth in 1997. Having said this, it appears that fiscal drag on the economy caused by government restraint at all levels will increase less in 1997 than it did in 1995 or 1996. In addition, low inflation and shrinking government deficits have combined to strengthen Canada's reputation in international financial markets. This should continue to permit the Bank of Canada to keep interest rates lower than U.S. rates. Low interest rates, which have already markedly improved housing affordability, should accelerate new house construction and lead to a further improvement in consumer spending and in business investment. Also, employment, which has increased erratically throughout 1996, should grow faster next year as the effects of sustained growth of exports plus stronger domestic spending contribute to stronger production. This more balanced pattern of spending and production should lead to a stronger overall growth of between 2.7% and 3.0% in 1997, compared with estimated growth of 1.5% to 2.0% in 1996. Stronger growth against a background of low inflation, projected at 2.0% to 2.5%, compared with 1.6% in 1996, should cause the unemployment rate to average 9.0% next year down from 9.5% in 1996.

REGULATORY ENVIRONMENT

CIBC and its group of companies are subject to a complex and changing legal and regulatory environment. The principal regulators include the federal and provincial governments in Canada and the governments of the countries in which CIBC carries on business or issues securities. In addition, securities regulators and self-regulatory bodies, such as stock exchanges, regulate CIBC's activity.

CIBC is also subject to the by-laws of the Canada Deposit Insurance Corporation. These by-laws include standards of sound business and financial practices which are intended to ensure that member institutions are managed and controlled in a sound and prudent manner.

The federal government is proposing amendments to the financial services legislation passed in 1992. Proposals for change have been published and it is expected that new legislation will be introduced in 1997. It is not anticipated that these changes will have a material impact on CIBC.

The federal government is also establishing a Task Force on the Future of the Canadian Financial Services Sector. This group will consider longer-term questions affecting the financial services industry. The Department of Finance has also established an advisory committee to review the Canadian payments system. These two groups will provide the government with advice that could potentially lead, in a few years, to significant changes in the regulation of the Canadian financial sector.

CIBC has comprehensive policies and procedures in place across its group of companies to promote strict compliance with applicable laws and regulations by directors, management and employees. Management is charged with responsibility for ongoing compliance with such laws and regulations. Compliance and internal audit functions each have a mandate to assess and report on the performance of management in discharging its governance responsibilities.

BALANCE SHEET

Condensed Balance Sheets

$ millions, as at October 31:	1996	1995	1994	1993	1992
Assets					
Cash resources	$ 8,120	$ 15,419	$ 9,436	$ 7,880	$ 6,245
Securities	39,817	38,255	28,753	24,167	20,055
Residential mortgages	36,889	34,659	32,225	30,720	28,927
Personal and credit card loans	19,980	18,537	16,807	14,650	14,318
Business and government loans, including acceptances	53,148	51,067	51,581	53,756	55,429
Securities purchased under resale agreements	32,534	14,173	6,584	5,124	2,298
Other assets	8,553	7,134	5,647	5,002	4,940
	$ 199,041	$ 179,244	$ 151,033	$ 141,299	$ 132,212
Liabilities and Shareholders' Equity					
Deposits	$ 127,421	$ 129,482	$ 115,462	$ 110,905	$ 107,018
Obligations related to securities sold short	12,825	10,436	7,077	5,567	3,108
Obligations related to securities sold under repurchase agreements	29,082	11,775	3,492	1,956	1,253
Other liabilities	17,083	15,201	13,126	11,914	11,347
Debentures	3,892	3,671	3,441	3,003	2,848
Shareholders' equity	8,738	8,679	8,435	7,954	6,638
	$ 199,041	$ 179,244	$ 151,033	$ 141,299	$ 132,212

CIBC's total assets at October 31, 1996 were $199.0 billion, an increase of $19.8 billion or 11% from a year earlier. Substantial increases took place in securities purchased under resale agreements. Increases also took place in residential mortgages and personal and credit card loans. Cash resources were particularly high at October 31, 1995 due to a build up of liquidity at the year end in anticipation of market volatility at the time of the Quebec referendum. Cash resources have since declined to more normal levels.

Over the last five years there has been a significant shift in the mix of assets and liabilities, primarily as a result of the increased trading activities of CIBC Wood Gundy. This shift is generally toward low risk and relatively low yielding trading instruments which are fundamental to the generation of trading revenue, but have the effect of reducing net interest margins. The assets affected are primarily securities and securities purchased under resale agreements which, combined, represented 36% of the total assets at October 31, 1996 compared with 17% at October 31, 1992.

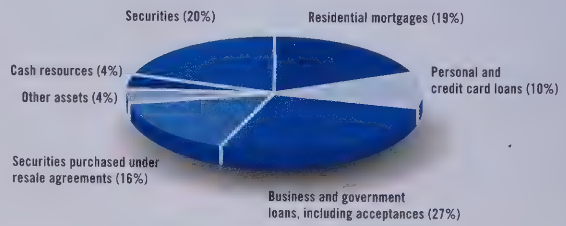
The shift in the mix of liabilities has been caused by the use of securities sold short and securities sold under repurchase agreements in trading activities. These two financing vehicles represented 21% of total liabilities and shareholders' equity at October 31, 1996 compared with 3% at October 31, 1992.

Shareholders' equity amounted to $8.7 billion at October 31, 1996, an increase of $59 million from October 31, 1995 and an increase of $2.1 billion over the four-year period. The 1996 increase was impacted by a common share repurchase program totalling $441 million in the first quarter of the year. Further discussion on capital is provided on page 59.

Additional discussion on the various balance sheet categories is provided in following sections of this report and a geographic distribution of major assets is provided in note 20 to the consolidated financial statements on page 91.

Asset Mix

as at October 31, 1996



Asset Mix

as at October 31, 1992

Securities

Total securities were $39.8 billion at October 31, up $1.6 billion from a year earlier. CIBC holds securities both for trading and investment purposes.

Securities held for trading were up $1.1 billion to $21.7 billion at October 31, 1996, generating most of the year-over-year increase. These securities, which are recorded at market value, are generally held to meet short-term liquidity risk management requirements, for resale to clients, or to generate gains from market movements. As a consequence, the balances tend to fluctuate. Over the last five years, trading securities have become an increasingly larger component of total securities, representing 54% of securities at year end compared with 33% in 1992. The trading portfolio is made up primarily of Canadian and U.S. government securities, mainly treasury bills, and other investment grade money market instruments, such as short-term bonds and other debt instruments.

Securities held for investment purposes are used to facilitate CIBC's asset liability management programs and for strategic business purposes. These securities had a carrying value of $18.1 billion at October 31, 1996, up slightly from a year earlier. The market value of the portfolio at year end was $321 million greater than its carrying value, primarily due to the recent fall in interest rates. The majority of the portfolio, 79%, is made up of securities issued by governments, and the balance comprises corporate debt and equity investments including loan substitute securities, mutual funds and collateralized debt. About 60% of the securities held for investment mature within the next 12 months. Of the total investment portfolio, Canadian and U.S. government securities were the only securities held that exceeded 10% of shareholders' equity at October 31, 1996.

A detailed analysis of the securities portfolio is provided in note 3 to the consolidated financial statements on page 69.

Loans and Acceptances

CIBC's loans and acceptances portfolio is composed of loans to consumers (by way of residential mortgages and personal loans, including credit cards), small businesses, large corporations and governments. The portfolio is well diversified to ensure that concentration of credit exposure by customer, country, industry and currency are within prudent, acceptable limits. At October 31, 1996, the loans and acceptances portfolio was $142.6 billion, up $24.1 billion or 20% from the prior year.

Loans and Acceptances

(net of allowance for credit losses) *$ millions, as at October 31:*	**1996**	1995	1994
Residential mortgages	**$ 36,889**	$ 34,659	$ 32,225
Personal loans	**15,302**	14,203	13,193
Credit card loans	**4,678**	4,334	3,614
Total consumer loans	**56,869**	53,196	49,032
Non-residential mortgages	**2,783**	3,025	3,170
Trades and services	**16,412**	15,526	13,775
Manufacturing	**11,188**	9,008	9,017
Real estate	**5,155**	6,310	7,849
Agriculture	**2,133**	1,910	1,695
Natural resources	**4,164**	4,459	4,558
Transportation and communications	**8,912**	8,231	8,892
Other	**2,801**	2,848	2,875
Total business and government loans, including acceptances	**53,548**	51,317	51,831
Securities purchased under resale agreements	**32,534**	14,173	6,584
General allowance	**(400)**	(250)	(250)
Total net loans and acceptances	**$ 142,551**	$118,436	$107,197

The North American market continues to be CIBC's main focus with 94% of total loans and acceptances in this market at October 31, 1996.

Total consumer loans grew $3.7 billion or 7% to $56.9 billion.

The residential mortgage portfolio grew by 6% during the year to $36.9 billion, representing a national market share of 12.6%. This business has traditionally experienced low default rates. The residential mortgage market is characterized by fierce competition from other chartered banks, as well as trust companies, credit unions, and other corporate and private lenders.

Credit card lending continues to be a significant business line for CIBC. Loans outstanding grew 8% to $4.7 billion at

October 31, 1996. CIBC's objective is to be the credit card provider of choice, offering the widest range of products and features to meet customer needs by segment.

Business and government loans, including acceptances, grew by 4% during the year to $53.5 billion at year end. The manufacturing sector was up $2.2 billion, accounting for most of the total growth, with the highest growth centred in the United States. CIBC lends to all business sectors and has specific origination teams to target sectors as described in the operating segment discussion commencing on page 29.

Exposure to the real estate sector continued to decline. During the year, net loans fell 18% to $5.2 billion. Real estate represented 10% of total business and government loans, including acceptances, at October 31, down from 12% in 1995 and 19% in 1992. Although CIBC has reduced its overall exposure to real estate, it is still active in financing new projects with a select list of clients who meet its lending guidelines.

Securities purchased under resale agreements (reverse repos) made up 23% of total loans and acceptances at the end of 1996, up from 12% a year earlier. In a reverse repo transaction, a security is purchased from a counterparty who provides an undertaking to repurchase the security at a set price at a future date. The counterparty is usually a broker/dealer, insurance company or other entity that has a large pool of securities and that may wish to obtain cash without ultimately giving up its rights to the securities. These are well secured loans and are considered low risk. The majority of the increase is the result of the expansion of CIBC Wood Gundy's primary dealer operations in support of its business activities in the United States.

A five-year geographic analysis of the loans and acceptances portfolio is provided in the supplementary annual financial information on pages 98 and 99.

Real Estate Loans and Acceptances

	Gross amount			Gross impaired loans			Allowance for credit losses		
$ millions, as at October 31:	**1996**	1995	1994	**1996**	1995	1994	**1996**	1995	1994
Canada									
Ontario	**$ 2,645**	$ 3,188	$ 3,598	**$ 443**	$ 736	$ 754	**$ 288**	$ 374	$ 353
British Columbia	**420**	484	455	**21**	30	2	**7**	9	1
Other	**508**	520	588	**62**	46	40	**37**	23	16
Total Canada	**3,573**	4,192	4,641	**526**	812	796	**332**	406	370
U.S.									
New York	**231**	351	731	**172**	233	515	**23**	7	233
California	**550**	580	667	**48**	56	78	**2**	7	—
Other	**754**	1,086	1,353	**199**	240	210	**35**	44	33
Total U.S.	**1,535**	2,017	2,751	**419**	529	803	**60**	58	266
General allowance							**—**	250	250
Total North America	**5,108**	6,209	7,392	**945**	1,341	1,599	**392**	714	886
Europe	**197**	311	616	**12**	135	147	**11**	69	77
Other countries	**267**	334	555	**20**	25	4	**14**	11	1
	$ 5,572	$ 6,854	$ 8,563	**$ 977**	$ 1,501	$ 1,750	**$ 417**	$ 794	$ 964

Deposits

$ millions, as at October 31:	**1996**	1995	1994	1993	1992
Individuals	**$ 61,484**	$ 61,061	$ 59,040	$ 57,265	$ 54,233
Businesses and governments	**43,705**	45,738	36,213	34,357	36,873
Banks	**22,232**	22,683	20,209	19,283	15,912
	$ 127,421	$ 129,482	$ 115,462	$ 110,905	$ 107,018
Canadian currency	**$ 81,310**	$ 83,142	$ 77,140	$ 74,040	$ 72,341
Foreign currencies	**$ 46,111**	$ 46,340	$ 38,322	$ 36,865	$ 34,677

CIBC's total deposits were $127.4 billion at October 31, 1996 down from $129.5 billion in 1995. Canadian dollar deposits decreased by 2%, to $81.3 billion, while foreign currency deposits declined slightly.

Deposits from individuals represent the largest portion of total deposits and have provided CIBC with a stable and reliable source of funds from more than six million individual deposit customers. These deposits grew 6% in 1993 and 3% in each of 1994 and 1995. The growth rate slowed considerably in 1996 to less than 1%, mainly the result of the continuous decline in interest rates throughout the year, which led customers to find alternate investment instruments with potentially higher returns such as mutual funds and equity investments. The continued low inflationary environment together with the government's thrust to lower interest rates to boost consumer spending is likely to restrict the growth in deposits from individuals.

Deposits from businesses and governments are also a very important source of funding for CIBC, as are deposits from other banks. These deposits include operating and investment accounts as well as wholesale term deposits such as commercial paper and term certificates that are issued through domestic and international capital markets. The level of wholesale deposits is driven by both customer liquidity needs and those of CIBC itself. Accordingly, such deposits are subject to fluctuation. Deposits from businesses and governments declined by about 4% in 1996, following 26% growth in 1995. Deposits from banks also declined slightly in 1996.

Over the past five years, deposits as a percentage of total liabilities have declined. In 1996, deposits represented 64% of CIBC's total liabilities and shareholders' equity compared with 81% in 1992. This change reflects both the diversification of funding sources as well as the increased trading activities undertaken by CIBC. Deposits represented 116% of net loans and acceptances, excluding reverse repos in 1996 compared with 108% in 1992.

A discussion of CIBC's liquidity risk is provided on page 57. Further detail on the composition of deposits is provided in note 7 to the consolidated financial statements on page 74 and in the supplementary annual financial information on page 105.

Assets under Administration/Management

$ billions, as at October 31:		**1996**		1995		1994
Assets under administration						
Institutions	**$**	**137.1**	$	127.3	$	123.3
Individuals		**47.2**		42.2		37.2
CIBC mutual funds		**8.3**		6.3		6.9
Mortgage-backed securities		**5.1**		6.1		2.6
	$	**197.7**	$	181.9	$	170.0
Assets under management						
Institutions	**$**	**0.4**	$	0.4	$	0.3
Individuals		**2.4**		1.8		0.9
CIBC mutual funds		**8.3**		6.3		6.9
	$	**11.1**	$	8.5	$	8.1

Assets under administration are assets which CIBC administers on behalf of clients for a fee. Fees for administrative services are earned for the safekeeping of securities, the collection of interest and dividends, and the settlement of purchase and sale transactions. Assets under management are assets which CIBC manages through discretionary portfolio management for clients for a fee. As these assets are owned by clients and not by CIBC, they are not included on our balance sheet.

CIBC's assets under administration grew by 9% to $197.7 billion during 1996, while assets under management grew by 31% to $11.1 billion.

During 1996, CIBC agreed to combine its Canadian institutional trust and securities custody business with those of the Pittsburgh-based Mellon Bank Corp. to form the equally owned, new joint venture CIBC Mellon Global Securities Services. The move combines the strong Canadian custodial relationships developed by CIBC's Global Securities division with the technological and product strengths of Mellon. The new company will provide a broad range of portfolio reporting and analytical services to institutional clients. The partnership is the first of its kind in the Canadian financial services industry and makes CIBC Mellon a leading Canadian provider of custody and information services to institutional asset managers.

In keeping with its commitment to provide clients with a broader range of investment opportunities worldwide, CIBC introduced 11 mutual funds in 1996, bringing the total number of funds offered to 28.

The mortgage-backed securities portfolio was $5.1 billion at October 31, 1996. Although the overall portfolio fell during the year, it has increased by 96% since October 31, 1994. CIBC continues to be the industry leader in this field.

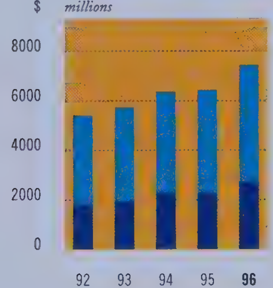
In addition to the assets administered and/or managed by CIBC, assets administered and/or managed by our associates T.A.L. Investment Counsel Ltd. and CEF Investment Management Limited totalled $31.4 billion as at October 31, 1996, an increase of 26%. These assets include the $8.3 billion in mutual funds which CIBC co-manages with these associates.

INCOME

Total Revenue

Total revenue consists of net interest income and non-interest income. Because income earned on certain securities is tax-exempt, and to ensure a consistent basis for comparison, net interest income is adjusted to a taxable equivalent basis (see footnote (3) to Profitability on page 112).

Total revenue for the year was $7,459 million compared with $6,427 million in 1995. Net interest income grew by $549 million to $4,753 million, a 13% increase for the year compared with a 2% increase in 1995. Growth in non-interest income was also strong, rising to $2,706 million from $2,223 million in 1995, a 22% increase. Non-interest income represented 36% of total revenue, up from 35% in 1995. This growth in fee-based income reflects the growth of the insurance, financial products and high yield businesses and is consistent with CIBC's strategy to reduce reliance on asset-based revenue.



Net Interest Income and Margin

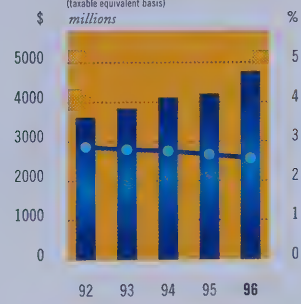
Net interest income is interest and dividends earned on assets (such as mortgages, personal and business loans, securities and deposits with other banks) less interest paid on deposits and debentures. Net interest income also includes the results of hedging activities and securities-related gains and losses. Net interest margin is net interest income expressed as a percentage of average assets.

The increase in net interest income of $549 million was driven by growth in business volumes in both Personal and Commercial Bank and CIBC Wood Gundy. In addition, improved results from CIBC Wood Gundy's trading activities, as well as significant improvement in the spreads generated from the management of interest rate gaps boosted net interest income. Net interest margins, which have been under pressure since 1991, declined to 2.55% for the year from 2.66% in 1995. A major factor in this decline was the increasing proportion of low margin, low risk assets, primarily used in the trading businesses.

Margins in Personal and Commercial Bank did not change significantly in 1996. The continual reduction in interest rates caused the spread between deposit and loan rates to narrow, also having an adverse effect on margins. However, these negative factors were offset by improvement in spreads generated from the management of interest rate gaps. Average residential mortgages increased by 8%, and average personal and credit card loans grew by 11%, contributing to the growth in net interest income.

CIBC Wood Gundy's net interest income was $1,217 million this year, compared with $876 million in 1995. Volume-driven growth in net interest income came from higher average levels of investment securities and deposits with banks, which were up 27% to $26.0 billion. Trading revenue, reported in interest income, increased in 1996 by $167 million. This growth was supported by an increase in the trading securities portfolio and in securities purchased under resale agreements, which were up on average $18.8 billion compared with last year.

Additional analysis of net interest income and margin, including a volume/rate analysis is provided in the supplementary annual financial information on pages 94 to 97.



Net Interest Income and Margin

(taxable equivalent basis) *$ millions*	1996	1995	1994	1993	1992
Average assets	$ 186,733	$ 158,152	$ 149,060	$ 137,307	$ 126,415
Net interest income	$ 4,753	$ 4,204	$ 4,107	$ 3,835	$ 3,612
Net interest margin	2.55%	2.66%	2.75%	2.79%	2.86%

Non-Interest Income

Non-interest income includes all revenues not classified as net interest income.

Non-interest income was $2,706 million for the year, a 22% increase over 1995. The significant increase in non-interest income was primarily due to strong growth in underwriting fees and commissions on securities transactions, credit services fees and foreign exchange and capital markets revenue.

Underwriting fees and commissions on securities transactions increased by $215 million, up 56% over 1995. Fees earned on the underwriting of equities and fixed income securities more than doubled in 1996 compared with 1995, and reflected a strong recovery from weak markets last year. The year's record-breaking performance is attributed to strong capital market activity, which provided CIBC with the opportunity to generate higher revenues from new issues and from advisory services, with particular success in the high yield business. Favourable stock market conditions throughout the year have also led to large increases in securities commissions, up $83 million or 32%.

Deposit services revenue comprises service charges on both personal and non-personal deposits and Interac fees. These revenues grew by 10% to $482 million, a $45 million increase over 1995, primarily due to growth in the volume of transactions. During the year, CIBC continued to increase customers' deposit options through the opening of two new telephone banking centres and the launch of PC Banking that will allow personal and small business customers to do their banking 24 hours a day, seven days a week.

Credit services income, which mainly comprises fees from standby loans, mortgages, acceptances, letters of credit and participations and placements, grew by $91 million this year, a 28% increase over 1995. The largest component of the increase came from participation and placement fees. This revenue growth was driven by continued success in the structuring, underwriting and distribution of participations in large corporate loans. This fee income has increased $63 million or 69% to $154 million in 1996. Mortgage service fees more than doubled, primarily as a result of the purchase of FirstLine Trust at the end of 1995.

Foreign exchange and capital markets revenue rose by 29% over 1995 to $368 million, due primarily to growth in the trading activities of CIBC Wood Gundy. Trading revenue is discussed on page 45.

Card services revenue remained flat during the year. The elimination of the annual fee on the Classic card family constrained the growth in revenue but helped to solidify CIBC's position as market leader for Visa products. The reduction in revenue was partially offset by increased revenue on debit card transactions. The number of debit card transactions has grown from 3.6 million in 1993 to over 82 million in 1996.

Insurance revenues, which include net premiums earned less claims and policy benefits, declined $19 million from 1995. The year-over-year comparison is affected by releases of excess reserves in 1995 related to the creditor life business. Otherwise, income generated by the insurance businesses has grown by 18%. CIBC has achieved excellent growth in new premiums and new policies in all business lines, while maintaining good business retention. The significant building of the insurance book of business in 1996 will continue to be reflected in non-interest income in future years.

Revenue from mutual fund management fees and fiduciary services increased $20 million over 1995. Mutual fund fees remained relatively flat, while fiduciary services revenue grew by 37% during the year due to increased business volumes.

Other non-interest income increased by $48 million during the year to $247 million. The increase is primarily attributed to the gain of $35 million from the reorganization of the West Indies operations.

Non-Interest Income

$ millions	1996	1995	1994	1993	1992	Increase (decrease) 1996 vs 1995 $	%
Underwriting fees and commissions on securities transactions	$ **597**	$ 382	$ 467	$ 396	$ 296	$ 215	56%
Deposit services	**482**	437	422	423	428	45	10
Credit services	**413**	322	329	274	253	91	28
Foreign exchange and capital markets	**368**	286	278	254	316	82	29
Card services	**289**	288	241	225	198	1	—
Insurance	**140**	159	106	44	24	(19)	(12)
Mutual funds management and fiduciary services	**170**	150	156	99	78	20	13
Other	**247**	199	253	188	176	48	24
	$ **2,706**	$ 2,223	$ 2,252	$ 1,903	$ 1,769	$ 483	22%

Trading Revenue

CIBC earns trading revenue by providing solutions to meet its clients' risk management and investment needs, as well as through arbitrage opportunities and, to a lesser extent, proprietary trading. Trading revenue is earned through trading of securities, foreign exchange, commodities and derivative products. Traded instruments are measured at fair value, with gains and losses recognized in earnings. Trading revenue excludes underwriting fees and commissions on securities transactions, which are shown separately in the consolidated statements of income. Net interest income earned from trading activities is included as part of total trading revenue and is shown separately in the table below.

Trading revenue is affected either positively or negatively by changes in interest and foreign exchange rates and commodity and equity prices. Positions at risk are measured and monitored on a daily basis to ensure they are within risk tolerance levels approved by the Asset Liability Management Committee of CIBC. The management of market risk associated with CIBC's business activities is discussed on page 51.

The financial products group generates revenue employing a client-driven strategy based on the creation of financial solutions for corporate, government and institutional clients as well as certain high net worth individuals, providing them with the ability to unbundle, transfer or transform financial risks to suit their overall financial objectives. Financial products provides over-the-counter financial products across the interest rate, currency, equity, commodity and credit markets. Revenue increased significantly in 1996 as a result of the global roll-out of the financial products initiative in the second half of 1995.

The interest rates trading group provides delivery and distribution of non-equity securities, including trading and sales activities in fixed income and money market products. Revenues improved in 1996 following a disappointing year in 1995 as improved market liquidity and clearer market trends provided revenue opportunities. As well, secondary market activity increased due to revitalized interest in the new issues sector.

Foreign exchange trading revenues have remained consistently strong over the past two years.

The institutional equities business benefited from improved market conditions in 1996 compared with 1995. In addition, trading revenue in 1996 increased over the prior year as a result of expansion in equity arbitrage and structured products activities.

In July of 1995, CIBC's U.S. investment dealer acquired The Argosy Group — a fully-integrated high yield investment banking business. Since the acquisition, the high yield group has exhibited strong and consistent growth in its revenues, including trading revenue.

Trading Revenue

$ millions	1996	1995	Increase (decrease) 1996 vs 1995 $	%
Net interest income (taxable equivalent basis)	$ 235	$ 68	$ 167	245%
Non-interest income	290	188	102	54
Total trading revenue	$ 525	$ 256	$ 269	105%
By business group:				
Financial products	$ 187	$ 58	$ 129	222%
Global capital markets				
Interest rates	104	21	83	395
Foreign exchange	123	129	(6)	(5)
Institutional equities	82	48	34	71
High yield	29	—	29	—
Total trading revenue	$ 525	$ 256	$ 269	105%

EXPENSES

Non-Interest Expenses

$ millions	1996	1995	1994	1993	1992	Increase (decrease) 1996 vs 1995 $	%
Employee compensation and benefits							
Salaries	$ 1,704	$ 1,604	$ 1,568	$ 1,479	$ 1,476	$ 100	6%
Incentive bonuses	471	270	258	177	92	201	74
Brokerage commissions	126	84	101	93	77	42	50
Benefits	277	229	270	224	208	48	21
	2,578	2,187	2,197	1,973	1,853	391	18
Occupancy costs	434	429	439	415	399	5	1
Computer and other equipment	474	432	413	394	388	42	10
Communications	423	351	337	299	270	72	21
Business and capital taxes	125	128	123	114	103	(3)	(2)
Professional fees	131	105	108	61	51	26	25
Deposit insurance premiums	93	89	75	57	49	4	4
Other	326	270	215	231	256	56	21
Restructuring provision	—	—	—	—	120	—	—
	$ 4,584	$ 3,991	$ 3,907	$ 3,544	$ 3,489	$ 593	15%

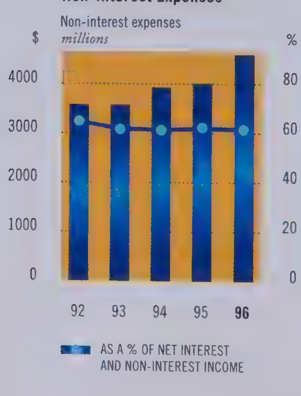
Non-interest expenses include all of CIBC's costs except interest expenses, provision for credit losses and income taxes.

Consistent with increased revenues and profits, expenses have increased 15% to $4,584 million. During 1996, CIBC dramatically increased its level of business activity and associated expenses and, at the same time, made significant expenditures related to strategic initiatives that will have a positive impact on profitability in the future. Nevertheless, the ratio of non-interest expenses to revenue improved to 61.5% from 62.1% in 1995.

Strategic initiatives in Personal and Commercial Bank include expansion of telephone banking centres, personal computer banking services, upgrading the retail banking network in the Greater Toronto Area, development of the Mondex "smart" cash card and expanding CIBC's insurance offerings.

Similarly, CIBC Wood Gundy continues to build its financial products and high yield businesses and to expand, on a global basis, a broad range of its activities with increasing profitability.

Non-Interest Expenses



At the same time, CIBC is establishing strategic partnerships with a number of vendors to consolidate purchasing power and to optimize operational efficiencies.

Employee compensation and benefits costs were up $391 million or 18%, to $2,578 million, representing almost two thirds of the overall cost increases. Salaries, the largest component of these costs, were up 6% compared with 1995. The number of full-time equivalent employees was up more than 2,000 compared with 1995, primarily in strategic initiative areas and as a result of the purchase of new businesses such as FirstLine Trust. Salary increases, however, have been modest, averaging 2.5% for the year.

Incentive bonuses represent a large part of each employee's overall compensation. CIBC has posted a significant increase in profits in 1996 and as a result retail sales commissions and other revenue and performance related bonuses were up more than 68% over 1995. CIBC also provides certain benefits that are tied to the level of CIBC's common share value and almost $20 million of the increase in benefit expense was related to these benefits.

Computer and other equipment costs increased almost 10% to $474 million for the year. In Personal and Commercial Bank much of the increase was directly related to telephone banking, PC Banking and other strategic initiatives. In CIBC Wood Gundy, the implementation of new front office systems for the brokerage business and the replacement or upgrade of source systems to support expanding capabilities in derivatives and other products, added to expenses.

Communication costs were up significantly, at $423 million, an increase of 21% over 1995. The opening of two telephone banking centres in Halifax and Regina accounted for a large part of the increase in communication costs. Discretionary expenses such as business development and advertising costs were also up significantly, reflecting the increased level of business activity.

Professional fees, which include legal fees and external consultants' fees, were up 25% to $131 million for the year. These cost increases are driven by the many strategic initiatives currently being implemented in CIBC.

The balance of the expenses at $326 million was up 21% over the previous year. Outside service costs increased $18 million, due to higher business volumes.

Taxes

$ millions		**1996**		1995		1994		1993		1992
Income taxes										
Income taxes (recovery)	$	**911**	$	635	$	550	$	435	$	(55)
Taxable equivalent adjustment[1]		**104**		95		105		90		80
		1,015		730		655		525		25
Indirect taxes										
Deposit insurance premiums		**93**		89		75		57		49
Capital taxes		**94**		94		95		90		74
Business taxes		**31**		34		28		24		32
Property taxes		**52**		51		49		53		50
Payroll taxes (employer portion)		**133**		118		114		110		107
GST and sales taxes		**112**		106		114		93		89
		515		492		475		427		401
Total taxes	$	**1,530**	$	1,222	$	1,130	$	952	$	426
Combined Canadian federal and provincial tax rate		**43.0%**		42.9%		42.6%		43.2%		42.8%
Income tax as a percentage of net income before income taxes (taxable equivalent basis)		**42.4%**		41.5%		41.6%		41.2%		44.0%
Total taxes as a percentage of net income before deduction of total taxes (taxable equivalent basis)		**52.9%**		54.9%		56.1%		56.7%		98.2%

[1] Taxable equivalent adjustment is explained on page 112, Ten-Year Statistical Review – Profitability note 3.

Taxes

CIBC's total taxes were $1,530 million in 1996, an increase of $308 million, or 25%, compared with 1995. The increase is primarily attributable to additional income taxes on higher reported earnings.

The combined Canadian federal and provincial tax rate is the statutory income tax rate applicable to the parent bank. This rate varies as a result of legislative changes to the corporate income tax rates enacted by the federal and provincial governments and the allocation of earnings among provinces. The statutory tax rate increased slightly from 1995 to 1996 as the federal corporate surtax increase announced in the 1995 federal budget was effective for the entire 1996 fiscal year.

Income tax as a percentage of net income before income taxes varies from the statutory income tax rate due to a number of factors. In 1996, the effect of lower tax rates applicable to the earnings of foreign subsidiaries was somewhat offset by the non-creditable portion of the Large Corporations Tax, the federal temporary capital tax on large deposit-taking institutions and higher tax rates applicable to the earnings of domestic subsidiaries.

The 1994 federal budget proposed changes to the rules governing the taxation of the earnings of foreign affiliates of Canadian companies. These changes, effective for fiscal 1996, resulted in CIBC paying additional income taxes of approximately $50 million.

Capital taxes increased steadily between 1992 and 1994 because of the growth of taxable capital and increases in provincial capital tax rates. The 1995 Quebec budget proposed measures to broaden the capital tax base for financial institutions commencing in fiscal 1996. The 1996 Ontario budget included a proposal to harmonize with federal measures and impose a temporary surcharge on the capital tax of large banks. The Quebec and Ontario proposals increased 1996 capital taxes by $2 million and $1 million, respectively. Notwithstanding these measures, the amount of capital taxes paid was unchanged in 1996 compared with 1995 largely because of the common share repurchase program and preferred share redemptions. It should be noted that the 1996 federal budget extended the federal temporary capital tax to 1997.

Payroll taxes have increased from 1995 to 1996 due to higher payroll costs.

The federal government has proposed the harmonization of the goods and services tax (GST) with the provincial retail sales taxes, and has reached an agreement in principle with three of the Atlantic provinces to implement a harmonized tax by April 1, 1997. The impact of harmonization will be an increase in net sales tax of approximately $1 million.

Further analysis of income taxes is provided in note 13 to the consolidated financial statements on page 80.

RISK MANAGEMENT

The risk management group has the responsibility for managing CIBC's risk exposure to three basic types of risk — credit, market and operational — which are discussed in more detail below.

Risk management works closely with two senior management committees — the Credit and Investment Policy Committee, and the Asset Liability Management Committee — as well as two committees of the Board of Directors — the Risk Management and Conduct Review Committee and the Audit Committee, in establishing risk management policies, procedures and limits, approving risk management strategies, as well as monitoring portfolio performance and trends. The board committees also deal with specific transactions that fall outside approved policies, establish procedures for dealing with related party transactions and conflict of interest issues, and review compliance and control procedures and loan loss provisioning. The internal audit function monitors adherence to the risk management process.

At the operational level, three committees oversee and direct CIBC's risk-taking activities. Two of these are chaired by the senior executive vice-president, risk management and include the Credit Committee, whose primary role is to deal with credit requests in excess of delegated limits and the Investment Committee, which approves specific investments within delegated limits. In addition, the Risk Committee of CIBC Wood Gundy, which is chaired by senior business segment representatives and has senior representation from risk management, reviews and approves risk taking strategies within CIBC Wood Gundy.

Credit Risk Management

Credit Risk

In the normal course of business, credit risk arises when CIBC relies on another party to honour or perform contractual obligations. With a loan, the main credit risk is the possibility that customers will be unable or unwilling to repay some or all of the principal amount they have borrowed, or to make interest payments when they come due. With respect to derivative instruments, CIBC is exposed to the risk that in the event of default, prevailing market conditions are such that CIBC would incur a loss in replacing the defaulted transaction. This credit risk is quantified for internal exposure management purposes by applying a standard set of principles to the terms of the particular product generating the risk. The resulting credit equivalent amount is aggregated with direct credit risk exposure and both are subject to the same credit policies and processes.

CIBC proactively manages the environmental risks associated with its lending activities through a formal Environmental Risk Management program. Under the program, relationship managers and risk managers receive training and support in identifying and evaluating potential environmental risk exposure and in helping customers understand their environmental risks. Where appropriate, environmental assessments are conducted to help in the evaluation and mitigation of these risks.

Credit Process

CIBC's credit authority emanates from the Board of Directors and is delegated through the chairman and chief executive officer to the senior executive vice-president, risk management and ultimately to senior officers of risk management and to the presidents of CIBC's two major business segments, Personal and Commercial Bank and CIBC Wood Gundy. The risk management group directs the delegation of credit authority within CIBC's line organization.

CIBC's risk management structure controls the credit process and is designed to instill a strong sense of accountability and a disciplined approach throughout the organization. We operate 10 regional risk management departments worldwide, in addition to our head office risk management group, each of which exercises its own credit approval authority.

Credit requests that exceed $100 million are reviewed by the Credit Committee which is made up of senior officers from risk management and the business units. New credits exceeding $100 million and renewal credits exceeding amounts which are generally higher and which are based on a risk rating, are subsequently presented to the Board of Directors.

CIBC imposes a disciplined approach to risk by continuously monitoring all credit situations and by aggressively managing past due and impaired accounts. Computer-based loan management models, formal risk ratings for commercial and corporate clients and credit scoring for small business and consumer clients assist our credit officers and risk managers in identifying and managing risk. Specific industry profiles have been developed outlining factors such as key credit risks, and appropriate products and terms to help lending officers and risk managers adhere to policies and standards.

Lower risk credit exposures to investment grade borrowers tend to be unsecured, whereas credit exposures to non-investment grade borrowers typically benefit from collateral arrangements which serve to mitigate ultimate loss in default situations. The existence of collateral is a factor in establishing risk levels and assigning risk ratings.

Credit Risk Concentration

CIBC monitors concentration in four basic areas: by single name or common risk, by industry groups, by geographic location and by financial product line. Maximum policy limits and guidelines for each type of concentration, approved by the Credit and Investment Policy Committee and the Risk Management and Conduct Review Committee, are in place for each, and compliance with these limits and guidelines is monitored on a regular basis both at the senior management and board committee level. Their purpose is to ensure that our portfolio remains appropriately diversified.

Impaired Loans and Credit Losses

Impaired loans are loans where credit quality has deteriorated and when, in the opinion of management, there no longer is reasonable assurance of the timely collection of principal and interest. In general, where repayment of principal or payment of interest is contractually 90 days in arrears, a loan is placed on a non-accrual basis. For more details see note 4 to the consolidated financial statements commencing on page 71.

The table below provides an analysis of CIBC's impaired loan portfolio. The gross impaired loan portfolio declined in 1996 for the fourth consecutive year reflecting successful collection efforts, a reduction in loans newly classified as impaired during the year and the write-off of uncollectible loans.

In 1996, $1.3 billion in loans were newly classified as impaired, compared with $1.7 billion in 1995. Collections, combined with the current year's provision for credit losses, served to decrease CIBC's net impaired loans by $675 million over the year to $692 million at October 31, 1996. Further reductions in impaired loans are expected in fiscal 1997.

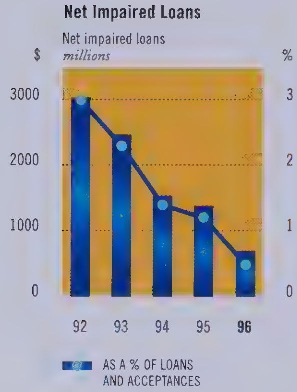
Of the overall decrease during 1996, the largest was in the real estate portfolio, where net impaired loans were reduced by $397 million to $560 million. A number of significant reductions were achieved in this category, including the sale of the Canary Wharf project in the U.K. in December 1995. Impaired personal loans increased $12 million from $75 million to $87 million reflecting, in part, the record number of personal bankruptcies which occurred during 1996.

Impaired Loans[1]

	Gross impaired loans			Allowance for credit losses			Net impaired loans		
$ millions, as at October 31:	**1996**	1995	1994	**1996**	1995	1994	**1996**	1995	1994
Residential mortgages	**$ 207**	$ 211	$ 227	**$ 43**	$ 27	$ 23	**$ 164**	$ 184	$ 204
Personal loans	**239**	179	183	**152**	104	81	**87**	75	102
Credit card loans[2]	**—**	75	65	**—**	75	65	**—**	—	—
Total consumer loans	**446**	465	475	**195**	206	169	**251**	259	306
Non-residential mortgages	**121**	146	155	**80**	74	67	**41**	72	88
Trades and services	**260**	310	407	**132**	134	193	**128**	176	214
Manufacturing	**126**	167	218	**84**	107	117	**42**	60	101
Real estate	**977**	1,501	1,750	**417**	544	714	**560**	957	1,036
Agriculture	**16**	16	21	**4**	2	3	**12**	14	18
Natural resources	**10**	17	17	**6**	7	15	**4**	10	2
Transportation and communications	**126**	124	32	**82**	73	18	**44**	51	14
Other	**32**	37	19	**22**	19	5	**10**	18	14
Total business and government loans	**1,668**	2,318	2,619	**827**	960	1,132	**841**	1,358	1,487
	2,114	2,783	3,094	**1,022**	1,166	1,301	**1,092**	1,617	1,793
General allowance				**400**	250	250	**(400)**	(250)	(250)
	$ 2,114	$ 2,783	$ 3,094	**$ 1,422**	$ 1,416	$ 1,551	**$ 692**	$ 1,367	$1,543
As a percentage of total net loans and acceptances							**0.5%**	1.2%	1.4%
As a percentage of shareholders' equity							**7.9%**	15.8%	18.3%

(1) 1995 and 1994 information excludes LDCs. The allowance for credit losses for LDCs in 1995 and 1994 was $122 million.

(2) From 1996 onwards, OSFI requires credit card loans, where payment is contractually 180 days in arrears, to be written off.



Nominal increases or decreases in other categories reflect normal fluctuations.

Additional analysis of impaired loans and credit losses is provided in the supplementary annual financial information on pages 100 to 104.

Allowance for Credit Losses

At October 31, 1996, the total allowance for credit losses was $1.4 billion, down $97 million from a year ago. The decrease is due to the write-off of uncollectible loans, mostly against specific provisions established previously.

The specific allowance is calculated by reference to the present value of expected future cash flows on impaired loans as described in note 1 to the consolidated financial statements on page 66.

The general allowance was increased from $250 million at October 31, 1995, to $400 million at October 31, 1996, through the transfer of $57 million from general country risk provisions, which are no longer required and a charge to the income statement of $93 million. The $400 million general allowance represents the level of allowance which, in the opinion of management, will provide for deterioration in the loan portfolio which cannot be reflected adequately by the identification of impaired loans on an account-by-account basis. Previously, the $250 million was referred to as a sectoral allowance for real estate loans. Real estate values have stabilized to a sufficient degree that this designation is no longer considered necessary.

CIBC's general country risk allowance was eliminated this year. In 1996, OSFI repealed its requirement to make provisions at a minimum of 35% for new LDC exposures entered into after November 1, 1995. During the year, CIBC sold its holdings in Brazil, resulting in a loss of $65 million which was adequately provided for in prior years.

The ratio of the allowance for credit losses to gross impaired loans, excluding loans to lesser developed countries, rose to 67% at October 31, 1996, up from 51% and 50% in 1995 and 1994, respectively.

Additional analysis of the allowance for credit losses is provided in the supplementary annual financial information on page 104.

Provision for Credit Losses

In 1996, the provision for credit losses charged to the income statement was $480 million, down from $680 million in 1995 and $880 million in 1994. The charge to the income statement included $387 million to establish the appropriate level of specific allowance and $93 million to increase the general allowance.

In 1997, a stable and growing economy, together with effective risk management techniques should contain or reduce losses from 1996 levels.

Allowance for Credit Losses

$ millions	1996	1995	1994
Balance at beginning of year	$ 1,538	$ 1,673	$ 2,049
Adjustment for accounting change[1]	165	—	—
Write-offs	(856)	(873)	(1,395)
Recoveries	113	66	62
Provision for credit losses charged to the consolidated statements of income	480	680	880
Foreign exchange and other adjustments	1	(8)	77
Balance at end of year	$ 1,441[2]	$ 1,538	$ 1,673
Of which,			
Specific	$ 1,041	$ 1,166	$ 1,301
General	$ 400	$ 250	$ 250
General country risk	$ —	$ 122	$ 122

(1) Represents the effect of implementing CICA Handbook Section 3025, "Impaired Loans." Additional information is provided in note 1 to the consolidated financial statements commencing on page 66.

(2) Includes a $19 million allowance for letters of credit.

Provision for Credit Losses

$ millions	1996	1995	1994
Provision in Canada			
Residential mortgages	$ 27	$ 23	$ 28
Personal loans	119	100	89
Credit card loans	155	97	68
Total consumer loans	301	220	185
Non-residential mortgages	22	24	34
Trades and services	32	41	88
Manufacturing	36	31	108
Real estate	27	226	331
Agriculture	—	—	—
Natural resources	(2)	(6)	(4)
Transportation and communications	14	4	12
Other	1	6	4
Total business and government loans	130	326	573
Provision outside Canada			
United States			
Trades and services	(1)	4	47
Manufacturing	9	11	3
Real estate	(33)	29	56
Transportation and communications	1	13	—
Other	—	7	(3)
	(24)	64	103
Other countries			
Trades and services	14	5	12
Manufacturing	13	1	4
Real estate	(49)	7	—
Transportation and communications	(1)	56	3
Other	3	1	—
	(20)	70	19
Credit losses charged to income – specific provision	387	680	880
– general provision	93	—	—
Total credit losses charged to the consolidated statements of income	$ 480	$ 680	$ 880
As a percentage of total net loans and acceptances	0.3%	0.6%	0.8%

Market Risk Management

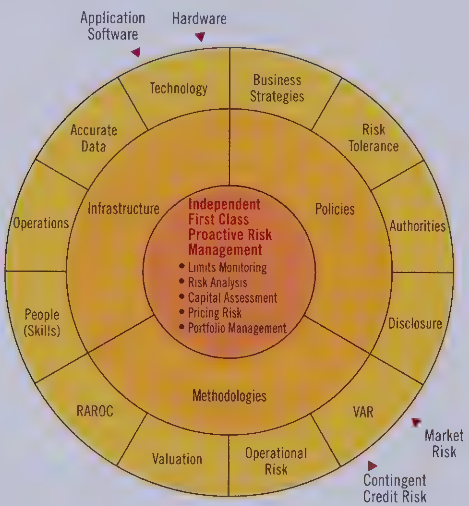
In the normal course of its banking and trading activities, CIBC engages in transactions that give rise to market risk. Market risk is the risk of loss arising from changes in the values of financial instruments. Market risk includes interest rate, foreign exchange, equity, commodity and liquidity risk. At CIBC, the market risk management function incorporates the management of these risks as well as the management of contingent credit risk and operational risks.

In response to the growth of financial markets globally and the increasingly sophisticated needs of CIBC's clients, CIBC continues its program of expanding and upgrading its market, trading and risk management operations in Toronto, New York, Europe and Asia. CIBC has determined that businesses will be expanded or acquired in step with its ability to measure, control and manage the corresponding credit, market and operational risks.

The expansion of businesses requires the support of the most advanced risk management techniques, both to limit the quantity and the potential for loss, and to optimize exposure to selected risks in a manner which reflects CIBC's knowledge and capabilities within individual products and markets.

Regulators such as the Office of the Superintendent of Financial Institutions Canada, the Federal Reserve Bank of New York, the Bank of England and the Bank for International Settlements have also recognized the need for independent risk management controls which report exposures to senior management and to the board of directors on an accurate and timely basis.

CIBC has adopted a strategic plan to upgrade its market risk management capabilities to a best practices level with the goal to become an industry leader in the management of market risk. To achieve this goal, CIBC has developed an integrated framework of best practice market risk policies, methodologies and infrastructure.



Market Risk Management Policy

CIBC's integrated framework allows it to control risk within limits established by senior management, and ensures that business and senior management understand not only the components of risk but also the complex interrelationships among risks. CIBC also uses this integrated framework to allocate risk limits and to measure them in relation to profit potential.

CIBC has established a two-tiered approach to defining limits on the amount of interest rate, foreign exchange, commodity and equity risk that the organization is willing to assume. The first tier limits reflect CIBC's risk appetite and are set by the Asset Liability Management Committee (ALCO). The second-tier limits, which are set by market risk management, are designed to control the "risk profile" of trading activities at the trading-desk level. These second-tier limits also establish the authorized instruments, currencies, exchanges and markets for each trading desk and are always lower than ALCO approved limits.

CIBC has developed comprehensive policies and procedures for market risk management. The "Trading Room Market Risk Policy" manual codifies roles and responsibilities for senior management, trading room management, traders, operations and financial control staff, independent market risk managers and internal audit. In addition, CIBC has developed and instituted policies for independent valuation of positions, mark-to-market methodologies, yield curve and model construction.

Market Risk Management Methodology

CIBC has developed and adopted a comprehensive Value at Risk (VAR) market risk measurement methodology, where risk is measured in terms of risk measurement units (RMUs). The RMU methodology is a probability-based approach which uses volatilities and correlations to quantify, in dollar terms, market risks.

CIBC measures market risk in terms of the potential "worst case" loss that can occur overnight. Worst case loss, in normal markets, is defined so that a loss in excess of worst case loss has less than 1/5th of 1% probability of occurring. For an interest rate product, for example, a measurement of worst case loss would take into account how far interest rates can move overnight.

The RMU is CIBC's unit measure of its overnight worst case loss. This methodology uses advanced methods, which for interest rate risk, include parallel and complex non-parallel shifts in the yield curve, correlations among points in the curve, and actual historical volatilities in the yield curve. RMU measures the worst case loss under the assumption that the volatility and correlation of market prices and risk factors remain unchanged.

CIBC has started a program of "back testing" which compares the daily RMUs with actual daily net trading-related revenue over an extended period. Back testing has confirmed that the worst case loss assumption is valid in most circumstances. However, there have also been rare occasions in which domestic and foreign capital markets, behaving abnormally, have experienced rapid and large price movements that have resulted in worst case losses that have exceeded RMU.

To manage this abnormal risk, CIBC carries out both scenario analysis and stress testing. Scenario analysis consists of subjecting the portfolio to extreme moves in market prices based on actual historical experiences, or based on hypothetical scenarios designed by CIBC economists, business leaders, and risk managers. Stress testing is similar to scenario analysis, but instead of relating the price moves to actual economic events, the portfolio is subjected to a range of large arbitrary price and rate moves.

Contingent credit risk is the potential increase in credit exposure resulting from future changes in market rates. CIBC's contingent credit risk measure (CRMU) is similar to an RMU. CIBC's measurement of contingent credit risk combines the daily mark-to-market valuation plus the worst case potential credit risk exposure. Potential credit exposure considers possible changes in the daily mark-to-market valuation over the life of the instrument.

CIBC is currently developing operational risk measures that will be similar to the worst case approach to the measurement of market and contingent credit risks. The assessment of operational risk is now an integral part of ALCO authorities. Valuation models are vetted by market risk management prior to adoption. The vetting process requires rigorous testing to ensure that the models are appropriate and properly applied.

CIBC is committed to developing increasingly sophisticated technology and analytical tools to support its risk measurement methodologies. A particularly important initiative in this regard is risk adjusted return on capital (RAROC). RAROC facilitates the comparison, aggregation and management of market, credit and operational risks across the organization. It focuses on the measurement and efficient use of economic capital and provides a tool which measures risk in relation to return at each level of CIBC's business activity.

Market Risk Management Infrastructure

The quality and skills of risk managers are critical to achieving best practices risk management. In 1996, CIBC reorganized the market risk management group into distinct but related functions — the Office of the EVP, Trading Room Market Risk, Trading Room Credit Risk, Risk MIS, Global Analytics, RAROC, Risk Advisory, and Corporate Treasury — and recruited world-class risk managers into each.

Controls are in place to ensure that each business undertaken is compatible with CIBC's risk management philosophy and that only authorized activities are undertaken. All risk positions are monitored against authorized limits daily by an independent risk manager. Exceptions to those limits are reported promptly to senior management. Reports on compliance with risk limits are made quarterly to the Risk Management and Conduct Review Committee. The CIBC Wood Gundy Risk Committee ensures that internal and external audit findings are appropriately addressed.

CIBC has developed a proprietary risk management information system known as Frontier. Frontier captures and consolidates data from trading systems in Toronto, New York, Europe and Asia. The Frontier database enables CIBC to generate a detailed risk report each morning, based on the previous day's trading, which provides an enterprise-wide view of market risk. This reporting is integral to the review of risk exposure at CIBC's daily trading room meeting. Frontier is also used to generate a comprehensive risk report which is reviewed weekly by the Management Committee.

In 1996, CIBC made substantial progress in enhancing the risk management culture. CIBC will continue to expand the implementation of RMUs and CRMUs and will continue to develop its policies, methodologies and infrastructure to ensure that they remain best practice in rapidly changing global markets.

Trading Risks

CIBC trades a wide range of products, including foreign exchange, derivatives, debt securities, equities, and commodities globally. Trading activities arise primarily from customer flows, market making and to a lesser extent from proprietary trading.

Interest Rate Risk

Interest rate risk arises from changes in the shape of yield curves, volatility of interest rates, or combinations of both interest rate changes and interest rate volatility on CIBC's open positions in interest rate sensitive instruments. Although open positions resulting from customer flows are typically hedged or offset in the marketplace, CIBC may, from time to time, elect to hold an open interest rate position to take advantage of anticipated movements in market rates. Based on net interest rate trading positions at October 31, 1996, the RMU overnight exposure, assuming a 3 standard deviation outright movement in interest rates, while factoring in correlations, if actually realized, would reduce net income by approximately $5 million. Interest rate risk exposure is included in the overall gap table shown on page 56.

Foreign Exchange Risk

CIBC actively trades in foreign exchange through its trading rooms in Toronto, New York, London and Singapore. Foreign exchange risk arising from trading activities is managed within policy limits set by the ALCO. Foreign exchange risk exposure also results from mismatches in forward exchange contracts. The exposure in this case is to adverse changes in interest rate differentials between the yield curves of the relevant currencies. CIBC combines exposures to foreign exchange interest differentials with those of other interest rate products in order to hedge its exposures efficiently. Based on net currency trading positions as at October 31, 1996, the RMU exposure, assuming a 3 standard deviation movement in exchange rates while factoring in historical correlations, if actually realized, would reduce net income by less than $2 million.

Equity Risk

CIBC actively trades equities on listed exchanges and equity derivatives in both over-the-counter and listed exchange markets through its trading rooms in Toronto, New York, London and Tokyo.

Equity risk arises from changes to the value of CIBC's positions in specific equities and from changes in equity index prices and/or changes to the expected volatility of CIBC's positions in equity derivatives. CIBC's financial performance may also be affected by changes in dividends and other cash flows associated with equities.

Based on equity trading positions at October 31, 1996, the RMU exposure, assuming a 3 standard deviation movement, if actually realized, would reduce net income by approximately $2 million.

Commodity Risk

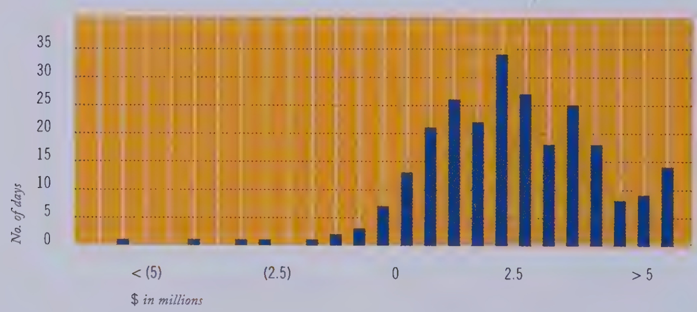
Commodity risk arises from changes to the value of CIBC's positions in commodities and commodity derivatives, and from changes in the expected volatility of those prices. CIBC's financial performance may also be adversely affected by mismatches in the cash flows from commodity loans, deposits and forwards.

CIBC trades commodities and commodity derivatives, including precious metal, energy-related and agriculture-related products in both over-the-counter and listed exchange markets, through its trading rooms in Toronto and New York. CIBC also maintains sales offices in Calgary and Houston.

Market Risk Profile

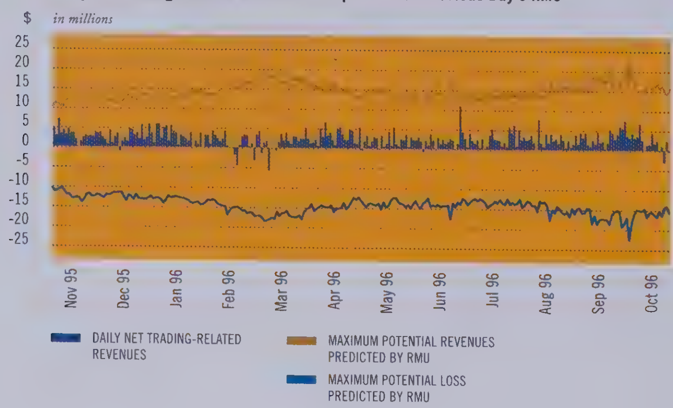
The following histogram presents the frequency distribution of net revenues generated by the trading-related businesses of CIBC Wood Gundy in fiscal 1996. For example, there were 34 days where daily net trading-related revenues were between $2.0 million and $2.5 million. Daily net trading-related revenues exceeded $5.0 million on 23 days and on four days, adverse movements in global market rates led to losses greater than $2.5 million. Daily net trading-related revenues generally occurred close to the mean value of approximately $2.5 million this year.

Distribution of Daily Net Trading-Related Revenues



The chart below compares daily net trading-related revenues to the previous day's RMU measure for interest rate, foreign exchange and equity market risks. Since there is active trading throughout the business day, the revenue predicted by the RMU measures will differ from actual daily net trading-related revenues. However, it would be expected that the volatility of daily net trading-related revenues should not generally exceed the amount statistically predicted by the RMU methodology. As shown in the chart, actual daily net trading-related revenues fell within the range predicted by the previous day's RMU in all cases.

Daily Net Trading-Related Revenues compared with Previous Day's RMU



Asset Liability Management

CIBC manages and controls market risks, principally interest rate and foreign exchange risks, that arise from meeting the needs of banking clients.

Interest rate risk results primarily from differences in the maturities or repricing dates of assets and liabilities, both on and off balance sheet. Interest rate risk exposures, or "gaps," may produce favourable or unfavourable effects on interest margins depending on the nature of the gap and the direction of interest rate movements and/or the expected volatility of those interest rates. If more liabilities than assets mature or are repriced in a particular time interval, a liability-sensitive interest rate gap exists. This will create an exposure to rising interest rates. Conversely, when assets have a shorter average maturity than liabilities, an increase in interest rates has a positive impact on net interest margins. Maturity or repricing profiles change in the ordinary course of business, for example, as customers' preferences for different maturities or terms of mortgages, loans and deposits change. In addition, CIBC offers customers a range of banking products that may include embedded interest rate options, such as commitments for mortgages.

Asset liability management is under the direction of the ALCO. Compliance with ALCO policies limiting interest rate risk is monitored daily by Market Risk Management. The ALCO reviews gap positions and option exposures weekly using the RMU framework.

A variety of cash instruments and derivatives (principally interest rate swaps, futures, and options) are used to manage and control interest rate risks. Derivatives are used to modify the interest rate characteristics of related balance sheet instruments and to hedge anticipated exposures when market conditions of price and liquidity are deemed beneficial.

Foreign exchange risk also arises from non-trading areas of the bank, principally from investments and earnings in foreign operations. CIBC adopts a prudent approach to hedging these foreign exchange exposures with the objective of achieving stability in its Canadian dollar income. Market Risk Management monitors compliance daily with ALCO policies.

CIBC uses the comprehensive measurement and analysis, described on pages 51 to 54, to manage and control these market risk exposures. This methodology includes adjusting the interest rate curve not only for a 1% parallel shift in both directions but also three standard deviations in thirty time frames along the entire yield curve. CIBC's asset liability management therefore focuses not only on aggregate interest rate risk but also on exposure to changes in the shape of the yield curve.

The accompanying table sets out CIBC's total interest rate risk exposure as at October 31, 1996. On and off balance sheet assets and liabilities are reported in time frames based on the earlier of their contractual repricing date or maturity date. Additional information regarding CIBC's exposure to interest rate risk is provided in the form of effective yields.

Certain items on the balance sheet, such as investments in equity securities and shareholders' equity do not provide interest rate exposure to CIBC. These items are reported in the non-interest sensitive columns of the table. Derivative instruments, are reflected in the table under off balance sheet gap.

The consolidated gap position at October 31, 1996 shows that more assets than liabilities reprice in periods greater than one year. This is a typical position for financial institutions with large retail customer bases and represents a major element of overall exposure to interest rate risk.

It should be noted that the reported gap position as at October 31, 1996 presents CIBC's risk exposure at a point in time only. Exposure can change quickly depending on the preferences of customers for product and terms, changes in CIBC's expectations of interest rate movements, and the nature of CIBC's transaction activities in managing the various and diverse portfolios that make up the consolidated gap position.

As noted above, the financial assets and liabilities have been presented in the consolidated gap table based on the earlier of their contractual repricing or maturity date. In the normal course of business, mortgage and other consumer loan customers frequently repay their loans in part or in full prior to the contractual maturity date. Taking into account expected prepayments on the consolidated gap position at October 31, 1996, would have had the effect of decreasing the gap in the periods over one year by more than $3 billion.

Given CIBC's consolidated maturity and repricing portfolio at October 31, 1996, as adjusted for estimated prepayments, an immediate 1% increase in interest rates across all maturities would reduce net income after taxes by approximately $49 million over the next 12 months and common shareholders' equity as measured on a present value basis, by approximately $264 million.

Interest Rate Sensitivity

$millions, as at October 31, 1996:	Floating Rate	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Not interest rate sensitive	Total
	Maturity or repricing date of interest sensitive instruments						
Assets							
Cash resources	$ —	$ 6,042	$ 393	$ 31	$ —	$ 1,654	$ 8,120
Effective yield[1]		*5.2%*	*7.3%*	*5.3%*			
Securities held for investment	3,116	1,606	7,968	3,448	1,105	875	18,118
Effective yield[1]		*5.2%*	*5.2%*	*6.4%*	*8.8%*		
Securities held for trading	—	3,471	2,170	6,724	6,366	2,968	21,699
Effective yield[1]		*3.9%*	*5.1%*	*5.8%*	*7.0%*		
Loans	34,697	57,574	12,261	26,187	1,121	1,978	133,818
Effective yield[1]		*5.4%*	*7.7%*	*8.2%*	*6.5%*		
Other	—	2,123	—	—	—	15,163	17,286
Total assets	37,813	70,816	22,792	36,390	8,592	22,638	199,041
Liabilities and shareholders' equity							
Deposits	20,875	60,048	20,036	15,025	443	10,994	127,421
Effective yield[1]		*4.4%*	*4.7%*	*6.4%*	*6.5%*		
Obligations related to securities sold short	—	2,445	573	4,344	4,947	516	12,825
Effective yield[1]		*4.1%*	*3.6%*	*5.3%*	*6.3%*		
Obligations related to securities sold under repurchase agreements	—	29,032	50	—	—	—	29,082
Effective yield[1]		*4.6%*	*4.9%*				
Debentures	—	385	303	1,375	1,829	—	3,892
Effective yield[1]		*6.1%*	*5.8%*	*8.5%*	*8.8%*		
Other	—	1,309	—	—	—	24,512	25,821
Total liabilities and shareholders' equity	20,875	93,219	20,962	20,744	7,219	36,022	199,041
On balance sheet gap	16,938	(22,403)	1,830	15,646	1,373	(13,384)	—
Off balance sheet gap	—	(10,663)	6,051	1,697	2,915	—	—
Total gap	$ 16,938	$(33,066)	$ 7,881	$ 17,343	$ 4,288	$(13,384)	$ —

$millions, as at October 31, 1996:	Floating Rate	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Not interest rate sensitive	Total
	Maturity or repricing date of interest sensitive instruments						
On balance sheet gap							
Canadian currency	$ 9,039	$ (9,005)	$ (384)	$ 14,796	$ (1,695)	$(12,751)	$ —
Foreign currencies	7,899	(13,398)	2,214	850	3,068	(633)	—
Total on balance sheet gap	16,938	(22,403)	1,830	15,646	1,373	(13,384)	—
Off balance sheet gap							
Canadian currency	—	(16,172)	7,995	3,599	4,578	—	—
Foreign currencies	—	5,509	(1,944)	(1,902)	(1,663)	—	—
Total off balance sheet gap	—	(10,663)	6,051	1,697	2,915	—	—
Total gap	$ 16,938	$(33,066)	$ 7,881	$ 17,343	$ 4,288	$(13,384)	$ —

(1) Represents the weighted average effective yield based on the earlier of contractual repricing or maturity date.

Liquidity Risk

The objective of liquidity management is to ensure the availability of sufficient funds to honour all of CIBC's financial commitments, including customers' liquidity needs. CIBC manages liquidity by monitoring expected inflows and outflows of funds on a daily basis, by projecting longer term inflows and outflows across the entire maturity spectrum, and by developing diverse sources of funding with the objective of maintaining stability.

The ALCO establishes liquidity policies which include guidelines and limits for cash management, asset liquidity and funding diversification. CIBC's cash management policy ensures an ongoing capability to meet day-to-day cash outflow requirements. Limits governing the maximum levels of net cash outflows have also been established.

The objective of CIBC's asset liquidity policy is to maintain a level of liquid assets for normal operating purposes which could be sold immediately if necessary to meet cash requirements. The policy emphasizes that higher quality asset holdings be readily available to meet typical requirements. CIBC maintains liquid asset portfolios that balance the benefit of having short-term assets available to meet its cash requirements with the lower yields normally available from these investments.

The deposit concentration and diversification policies are intended to promote both stability in CIBC's deposit base and a superior ability to raise funds when required. This is accomplished by offering a wide range of deposit products in many markets, thereby developing relationships with a large number of customers in a variety of market segments.

CIBC's large base of Canadian dollar deposits by individuals, which stood at $57.7 billion at October 31, 1996, provides a stable and secure source of funding for a significant proportion of CIBC's asset base. This reduces pressure on CIBC's cash flows and provides a favourable liquidity position without having to rely on more costly money market financing.

CIBC maintains a portfolio of readily marketable Canadian dollar and foreign currency securities. The total securities portfolio of $39.8 billion at October 31, 1996 includes liquid assets of $32.5 billion. This portfolio represents 20% of CIBC's total assets and is equal to 60% of non-personal deposits. In addition to providing liquidity in major currencies, this portfolio generates significant income through CIBC's active participation in global securities markets.

CIBC places particular emphasis on the diversification of international funding sources. It has developed a broad global funding base by varying the currencies, markets, instruments and maturities of deposits. For example, in the United States, CIBC's commercial paper program stands at US$2 billion, making it one of the largest commercial paper programs of any foreign bank. This program complements CIBC's other funding sources and, by enhancing and expanding the bank's range of products, enables it to attract deposits worldwide. CIBC has the ability to access geographically diverse capital and money markets, thereby allowing the issue of a wide variety of funding instruments, including inter-bank deposits, which facilitate liquidity management and help it to obtain funds from inter-bank Eurodollar deposit markets. At October 31, 1996, deposits with CIBC by other banks were $22.2 billion.

In addition to these programs, CIBC maintains active asset securitization and loan syndication programs which assist the liquidation of assets when appropriate. CIBC Wood Gundy's participation in the U.S. government securities market as a primary dealer gives it access to collateral-based financing through repurchase agreements, significantly extending its global customer base. Contingency programs which could be implemented to minimize the risk associated with extraordinary changes in market conditions also exist.

CIBC is also an active participant in the capital markets. In addition to commercial paper, CIBC raises funds by issuing debentures, preferred shares and common shares.

Prominent international credit rating agencies continue to assign CIBC ratings which allow it to access global capital and money markets on favourable terms. Access to these markets with an assured credit rating provides CIBC with a broad range of alternatives in managing its liquidity position.

Operational Risk Management

Operational risk is the potential for loss from events such as the breakdown or ineffectiveness of processes, human errors, technology and infrastructure failures, business interruptions, faulty internal and external reporting and non-compliance with regulations and laws.

Operational risks are inherent in all of CIBC's activities. There are processing risks associated with the proper completion of transactions, where human error or breakdowns in controls or in payment and settlement systems could result in a loss. Control breakdowns or processing errors could also result in the reporting of incorrect information to management and externally. There are risks of property loss or of losses of income arising from business interruption caused by the occurrence of an unforeseen disaster. Risk of loss from crime such as internal or external fraud represents another form of operational risk, as do potential liabilities arising from errors or omissions, or non-compliance with regulations and laws.

Management of operational risk, as with credit and market risk, entails the development of appropriate policies, methodologies, and infrastructure. This includes developing comprehensive risk identification and measurement techniques, and employing prudent methods of risk monitoring and control.

The role of the Board of Directors and its committees is to supervise management and to review the effectiveness of internal control systems established to manage risk. Senior management is accountable to the board for maintaining a strong and disciplined control environment. Through its actions and communications, senior management actively influences the control consciousness of employees, and encourages interaction at all levels in the assessment and control of risks.

Risk management, legal, compliance, internal audit, environmental risk, security, information technology, finance and corporate insurance regularly report to the Board of Directors, the chairman and chief executive officer, and senior committees of management on the effectiveness of, and adherence to, policies and procedures.

The commitment, competency and capability of CIBC staff people are critical for effective management of risk. Substantial investments are made in training and development, as well as in other human resource policies and practices. Comprehensive recruitment and screening programs and selection criteria are in place to attract employees with skills commensurate with the needs of the organization. CIBC has established formal codes of conduct with which its officers and employees must comply, reflecting the strong ethical values and integrity which are fundamental to its culture.

The principles of clear delegation of authority and segregation of duties are fully reflected in all of CIBC's operating procedures and manuals. Providing timely and accurate management information receives strong ongoing attention in CIBC's strategic and financial plans. Proper and prudent controls are in place for accounting systems and record keeping, evaluation of on and off balance sheet items, safeguarding and protection of CIBC's assets and those of its customers, and information technology. CIBC has a comprehensive business recovery planning process in place to ensure that its key business functions can continue operating, and normal operations can be restored effectively and efficiently, in the event of an unforeseen disaster.

The internal control environment which has been established provides reasonable assurance to all of CIBC's stakeholders that its risks are being soundly and prudently managed.

REGULATORY CAPITAL

Regulatory Capital and Capital Ratios

$ millions, as at October 31:	Proforma[1] 1996	1996	1995	1994
Tier 1 capital				
Common shares	$ 3,055	$ 3,055	$ 3,202	$ 3,200
Retained earnings	4,615	4,615	4,122	3,544
Non-cumulative preferred shares	1,151	851	1,138	1,391
Non-controlling interests in subsidiaries	71	71	49	78
Goodwill	(132)	(132)	(152)	(115)
	8,760	8,460	8,359	8,098
Tier 2 capital				
Cumulative preferred shares	217	217	217	300
Perpetual debentures	688	688	740	744
Other debentures (net of amortization)	2,972	2,722	2,630	2,519
	3,877	3,627	3,587	3,563
Total Tier 1 and Tier 2 capital	12,637	12,087	11,946	11,661
Equity accounted investments and other	(557)	(557)	(510)	(387)
Total capital	$ 12,080	$ 11,530	$ 11,436	$ 11,274
Risk-weighted assets (see page 60)				
Balance sheet assets	$ 99,205	$ 99,205	$ 94,148	$ 91,151
Off balance sheet instruments	28,839	28,839	24,500	22,183
Total risk-weighted assets	$ 128,044	$ 128,044	$ 118,648	$ 113,334
Regulatory capital ratios				
Tier 1 capital	6.8%	6.6%	7.0%	7.1%
Total capital[2]	9.4%	9.0%	9.6%	9.9%
Leverage ratio[3]	17.8x	18.6x	16.6x	14.3x

(1) The proforma regulatory total capital ratio reflects the issuances on November 1, 1996 of $300 million of preferred share capital and $250 million of debentures. Additional information is provided in notes 10 and 9 to the consolidated financial statements on pages 76 and 75.

(2) Regulatory guidelines for banks in the United States differ in some respects from OSFI's. It is estimated that under U.S. rules, CIBC's total capital ratio and proforma total capital ratio would have been 9.5% and 10.0%, respectively, as at October 31, 1996.

(3) In addition to meeting minimum risk-weighted capital ratios, banks cannot exceed a leverage ratio of 20 times capital (calculated by dividing total assets, including letters of credit, guarantees, and sale and repurchase agreements by total regulatory capital), as stipulated by OSFI.

The computation of regulatory capital is subject to guidelines issued by the Office of the Superintendent of Financial Institutions (OSFI). Regulatory capital is divided into two tiers: Tier 1 capital comprises common equity, non-cumulative preferred shares and non-controlling interests in subsidiaries, less any unamortized goodwill. Tier 2 capital consists mainly of subordinated indebtedness and cumulative preferred shares, and cannot exceed the amount of Tier 1 capital. Total regulatory capital is the sum of Tier 1 and Tier 2 capital less certain deductions. OSFI's guidelines also specify that weighting factors be applied to all balance sheet assets and off balance sheet exposures to reflect counterparty credit risk. Capital ratios are then calculated by dividing Tier 1 and total regulatory capital by the amount of risk-weighted assets. A financial institution's total regulatory capital must be at least 8% of its risk-weighted assets, and at least 4% must be in the form of Tier 1 capital.

As shown in the accompanying table, CIBC's Tier 1 and total regulatory capital ratios, on a proforma basis, were 6.8% and 9.4% at October 31, 1996 reflecting the issue of $300 million in preferred shares and $250 million in debentures on November 1, 1996. These ratios are well above regulatory minimum standards.

CIBC manages its capital in accordance with policies and plans that are regularly reviewed, discussed and approved by the Board of Directors, and which take into account current and forecast capital market conditions. CIBC is committed to maintaining a well-capitalized position. This provides protection to depositors and creditors, enables CIBC to take advantage of business opportunities, and helps maintain favourable credit ratings. CIBC's capital management activities are designed to maintain capital strength and provide an appropriate level of return to common shareholders. CIBC implemented a number of capital initiatives during 1996 which are described on the following page.

Risk-weighted assets were $128.0 billion at October 31, 1996, an increase of $9.4 billion compared with 1995. Approximately $5.4 billion of this growth was due to increases in securities and loans. Much of the remainder resulted from higher levels of guarantees, commitments and swaps.

Tier 1 capital was $8,760 million at October 31, 1996 on a proforma basis. During the year, CIBC completed the repurchase of 10.8 million common shares under a normal course issuer bid announced in November 1995. The repurchase program reduced Tier 1 capital by $441 million, or an average cost per share of $40.82. Tier 1 capital was increased by $200 million through the issue of non-cumulative preferred shares in January, 1996, and another $300 million on November 1, 1996. CIBC also exercised its option to redeem for cash all of the outstanding Class A preferred shares Series 10 (US$250 million) and 11 ($150 million). The redemption and issue of these preferred shares replaced more expensive preferred shares with new issues carrying a lower cost. This program contributed toward a more efficient capital structure, and provided benefits to common shareholders through enhanced earnings per share and return on equity as well as share price appreciation.

Tier 2 capital was $3,877 million at October 31, 1996 on a proforma basis, mainly the result of the issuance of new term debentures totalling $850 million, the repurchase of US$36 million of the 99-year debentures, the repurchase of Yen 5 billion in debentures and the redemption of the 9.4% debentures ($150 million).

The net increase in total capital during 1996 on a proforma basis was $644 million. OSFI guidelines required the deduction of $557 million from total capital as at October 31, 1996, related primarily to investments carried using the equity method of accounting. This deduction increased by $47 million over the 1995 level, mainly due to additional investments in CIBC's insurance subsidiaries during the year.

Other Regulatory Matters

Following extensive international consultations under the auspices of the Bank for International Settlements (BIS), OSFI, along with other national regulators, issued additional guidelines in 1996 to establish capital requirements for market risk arising from the portfolios deemed to be trading for regulatory capital purposes. Canadian banks will be required to implement the market risk capital standards by December 31, 1997. The impact of the market risk guidelines on CIBC's capital ratios is not expected to be significant.

Risk-Weighted Assets

				Risk-weighted amounts		
$ millions, as at October 31:	**1996**	1995	1994	**1996**	1995	1994
Balance Sheet Assets						
Cash resources	**$ 8,120**	$ 15,419	$ 9,436	**$ 1,409**	$ 2,918	$ 1,668
Securities issued or guaranteed by Canada, provinces, municipalities, OECD banks and governments	**26,847**	29,950	21,466	**395**	320	208
Other securities	**12,970**	8,305	7,287	**11,261**	7,828	6,982
Loans to or guaranteed by Canada, provinces, territories, municipalities, OECD banks and governments	**5,409**	4,158	2,683	**99**	111	98
Mortgage loans	**39,671**	37,684	35,395	**14,861**	14,920	14,708
Other loans	**88,738**	68,279	61,860	**57,460**	55,453	56,304
Acceptances	**8,733**	8,315	7,259	**8,503**	8,169	7,110
Other assets	**8,553**	7,134	5,647	**5,217**	4,429	4,073
Total assets	**$ 199,041**	$ 179,244	$ 151,033	**$ 99,205**	$ 94,148	$ 91,151
Off Balance Sheet Instruments (contract/notional amounts)						
Credit related arrangements						
Lines of credit	**$ 92,679**	$ 80,874	$ 75,782	**$ 14,550**	$ 12,842	$ 11,682
Guarantees and letters of credit	**21,330**	14,355	12,923	**9,207**	7,162	6,961
Other	**1,509**	1,151	1,186	**226**	131	214
	115,518	96,380	89,891	**23,983**	20,135	18,857
Derivatives (analyzed on page 83)	**1,415,936**	1,178,612	805,226	**4,856**	4,365	3,326
Total off balance sheet instruments	**$1,531,454**	$1,274,992	$ 895,117	**28,839**	24,500	22,183
Total risk-weighted assets				**$ 128,044**	$ 118,648	$ 113,334

Financial Reporting Responsibility of Management

The management of Canadian Imperial Bank of Commerce is responsible for the preparation of the annual financial report including the consolidated financial statements. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles, including the accounting requirements of the Superintendent of Financial Institutions Canada.

In meeting its responsibility for the reliability and integrity of the financial statements, management has developed, and maintains, a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded and liabilities are recognized. The system recognizes the need for the employment and training of qualified and professional staff, effective written communication between management and staff, and management guidelines by means of the Branch Management and Operations Manual. The system also recognizes the need for established policies on social responsibility and corporate conduct, and a management organization philosophy which reflects accountability within delineated areas of responsibility. Of necessity, the financial statements contain some items which reflect the best estimates and judgements of management.

The accounting, reporting and internal control systems are reviewed by the Chief Inspector and his staff who examine and review all aspects of CIBC's operations. Systems and procedures to ensure employee compliance with conflict of interest rules and with securities legislation are monitored by the Compliance Officer. The Chief Inspector and the Compliance Officer have full and free access to the Audit Committee of the Board of Directors of CIBC.

The annual financial report has been reviewed and approved by the Board of Directors upon the recommendation of the Audit Committee.

A.L. Flood
Chairman and
Chief Executive Officer

J.C. Doran
Chief Financial Officer
December 5, 1996

Audit Committee's Report to Shareholders

In accordance with the Bank Act, the Audit Committee of the Board of Directors is comprised of at least three directors, a majority of the members of the Committee being directors who are persons not affiliated with CIBC, and none of whom is an officer or employee of CIBC or a subsidiary of CIBC.

The members of the Audit Committee are: S.A. Milner (Chairman), P.M. Delbridge, E.L. Donegan, W.A. Etherington, M.A. Franssen, W. James, M. LeClair, and R.V. Smith.

The Audit Committee held ten meetings during the year ended October 31, 1996.

The Audit Committee has the responsibility of overseeing CIBC's financial reporting process on behalf of the Board of Directors. In fulfilling its responsibility, the Audit Committee recommends to the Board the selection of the shareholders' auditors. At each annual meeting, the shareholders of CIBC appoint two firms of chartered accountants to be the independent auditors of CIBC until the next annual meeting. The current auditors are Arthur Andersen & Co. and Price Waterhouse.

The Superintendent of Financial Institutions Canada, at least once a year, examines and inquires into the business and affairs of CIBC. His examination is to satisfy himself that the provisions of the Bank Act, having reference to the safety of the interests of depositors, creditors and shareholders of the bank, are being duly observed and that the bank is in a sound financial condition. The Audit Committee is in the practice of meeting with the Superintendent of Financial Institutions Canada at least once a year.

In accordance with the bylaws of CIBC and to assist the Audit Committee, the Board of Directors has appointed officers to carry out the functions of Chief Accountant, Chief Inspector and Compliance Officer.

CIBC's interim and annual consolidated financial statements are discussed and reviewed by the Audit Committee with management, the Chief Accountant and the shareholders' auditors, in the presence of the Chief Inspector and the Compliance Officer, before such statements are reviewed by the directors. The Audit Committee also ensures the adequacy of internal controls over accounting and financial reporting systems and discusses with the Chief Inspector and the shareholders' auditors the overall scope, timing and specific plans for their audits. Regular meetings are held with the Chief Inspector and the shareholders' auditors, in the absence of management, to discuss the results of their examinations, their evaluations of the internal controls, and the overall quality of CIBC's financial reporting. The meetings also facilitate any confidential communication with the Audit Committee desired by the Chief Inspector or the shareholders' auditors.

Over and above the aforementioned responsibilities, the Audit Committee has the duty to review the adoption of and changes in accounting principles and practices which have a material effect on the consolidated financial statements; to review such investments and transactions that could adversely affect the well-being of CIBC which are brought to the attention of the Committee by the Chief Inspector and the shareholders' auditors or any officer of CIBC; to review financial reports requiring Board approval prior to submission to securities commissions or other regulatory authorities; to help develop CIBC's financial disclosure philosophy; to assess and review key management estimates and judgements material to reported financial information; and to assess the shareholders' auditors' fees.

S.A. Milner
Chairman, Audit Committee December 5, 1996

Auditors' Report to Shareholders

We have audited the consolidated balance sheets of Canadian Imperial Bank of Commerce as at October 31, 1996 and 1995 and the consolidated statements of income, changes in shareholders' equity and changes in financial position for each of the years in the three-year period ended October 31, 1996. These consolidated financial statements are the responsibility of CIBC's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of CIBC as at October 31, 1996 and 1995 and the results of its operations and the changes in its financial position for each of the years in the three-year period ended October 31, 1996 in accordance with generally accepted accounting principles, including the accounting requirements of the Superintendent of Financial Institutions Canada.

Arthur Andersen & Co.
Price Waterhouse
Chartered Accountants

Toronto, Canada
December 5, 1996

Consolidated Balance Sheets

$ millions, as at October 31:	1996	1995
Assets		
Cash Resources *(Note 2)*		
Cash and non-interest-bearing deposits with Bank of Canada and other banks	$ 1,654	$ 1,323
Interest-bearing deposits with other banks	6,466	14,096
	8,120	15,419
Securities *(Note 3)*		
Treasury bills issued by Canada	4,034	10,493
Other securities issued or guaranteed by Canada, provinces or municipalities	13,551	10,700
Debt securities	17,600	13,247
Equity securities	4,632	3,815
	39,817	38,255
Loans *(Note 4)*		
Residential mortgages	36,889	34,659
Personal and credit card loans	19,980	18,537
Business and government loans	44,415	42,752
Securities purchased under resale agreements	32,534	14,173
	133,818	110,121
Other		
Customers' liability under acceptances	8,733	8,315
Accrued interest receivable	1,240	1,069
Land, buildings and equipment *(Note 5)*	1,983	2,013
Other assets *(Note 6)*	5,330	4,052
	17,286	15,449
	$ 199,041	$ 179,244
Liabilities and Shareholders' Equity		
Deposits *(Note 7)*		
Individuals	$ 61,484	$ 61,061
Businesses and governments	43,705	45,738
Banks	22,232	22,683
	127,421	129,482
Other		
Acceptances	8,733	8,315
Accrued interest payable	2,024	2,085
Obligations related to securities sold short	12,825	10,436
Obligations related to securities sold under repurchase agreements	29,082	11,775
Other liabilities *(Note 8)*	6,326	4,801
	58,990	37,412
Subordinated Indebtedness		
Debentures *(Note 9)*	3,892	3,671
Shareholders' Equity		
Share capital *(Note 10)*	4,123	4,557
Retained earnings	4,615	4,122
	8,738	8,679
	$ 199,041	$ 179,244

A.L. Flood
Chairman and Chief Executive Officer

S.A. Milner
Director

Consolidated Statements of Income

$ millions, for the years ended October 31:	1996	1995	1994
Interest Income			
Loans	$ 9,502	$ 8,775	$ 7,261
Securities *(Note 3)*	2,147	1,772	1,414
Deposits with banks	523	460	331
	12,172	11,007	9,006
Interest Expense			
Deposits and other liabilities	7,216	6,592	4,756
Debentures	307	306	248
	7,523	6,898	5,004
Net interest income	4,649	4,109	4,002
Provision for credit losses *(Note 4)*	480	680	880
	4,169	3,429	3,122
Non-Interest Income			
Underwriting fees and commissions on securities transactions	597	382	467
Deposit services	482	437	422
Credit services	413	322	329
Foreign exchange and capital markets	368	286	278
Card services	289	288	241
Insurance	140	159	106
Mutual funds management and fiduciary services	170	150	156
Other	247	199	253
	2,706	2,223	2,252
	6,875	5,652	5,374
Non-Interest Expenses			
Employee compensation	2,301	1,958	1,927
Employee benefits	277	229	270
Occupancy costs	434	429	439
Computer and other equipment	474	432	413
Communications	423	351	337
Business and capital taxes	125	128	123
Professional fees	131	105	108
Deposit insurance premiums	93	89	75
Other	326	270	215
	4,584	3,991	3,907
Net income before income taxes	2,291	1,661	1,467
Income taxes *(Note 13)*	911	635	550
	1,380	1,026	917
Non-controlling interests in net income of subsidiaries	14	11	27
Net Income	$ 1,366	$ 1,015	$ 890
Dividends on preferred shares *(Note 10)*	$ 112	$ 111	$ 141
Net income applicable to common shares	1,254	904	749
	$ 1,366	$ 1,015	$ 890
Average number of common shares outstanding *(in thousands)*	207,514	216,307	212,732
Net income per common share *(in dollars)*	$ 6.04	$ 4.18	$ 3.52
Dividends per common share *(in dollars)*	$ 1.70	$ 1.48	$ 1.32

Consolidated Statements of Changes in Shareholders' Equity

$ millions, for the years ended October 31:	**1996**	1995	1994
Share Capital *(Note 10)*			
Balance at beginning of year	**$ 4,557**	$ 4,891	$ 4,894
Issue of preferred shares	**200**	—	—
Redemption of preferred shares	**(490)**	(333)	(200)
Issue of common shares	**13**	2	184
Purchase of common shares for cancellation	**(160)**	—	—
Translation adjustment on foreign currency preferred shares	**3**	(3)	13
Balance at end of year	**$ 4,123**	$ 4,557	$ 4,891
Retained Earnings			
Balance at beginning of year, as previously reported	**$ 4,122**	$ 3,544	$ 3,060
Adjustment for change in accounting policy *(Note 1)*	**(94)**	—	—
Balance at beginning of year, as restated	**4,028**	3,544	3,060
Net income	**1,366**	1,015	890
Dividends *(Note 10)*	**(464)**	(431)	(422)
Premium on redemption of preferred shares	**(34)**	(7)	(14)
Premium on repurchase of common shares	**(281)**	—	—
Foreign currency translation adjustment, net of income taxes	**5**	4	29
Other	**(5)**	(3)	1
Balance at end of year[(1)]	**$ 4,615**	$ 4,122	$ 3,544

(1) The cumulative balance in the foreign currency translation account is $(13) million (1995: $(18) million; 1994: $(22) million).

Consolidated Statements of Changes in Financial Position

$ millions, for the years ended October 31:	1996	1995	1994
Cash Flows Provided by (Used in) Operating Activities			
Net income	**$ 1,366**	$ 1,015	$ 890
Adjustments to determine net cash from operating activities			
Provision for credit losses	**480**	680	880
Depreciation and amortization	**232**	241	234
Deferred income taxes	**106**	50	125
Net gain on sale of investment securities	**(75)**	(90)	(71)
Accrued interest receivable	**(171)**	(58)	(224)
Accrued interest payable	**(61)**	454	(61)
Net change in securities held for trading	**(1,055)**	(7,626)	(3,452)
Current income taxes payable	**11**	198	(191)
Other, net	**305**	(430)	336
	1,138	(5,566)	(1,534)
Cash Flows Provided by (Used in) Financing Activities			
Deposits, net of withdrawals	**(2,061)**	14,020	4,557
Obligations related to securities sold short	**2,389**	3,359	1,510
Obligations related to securities sold under repurchase agreements	**17,307**	8,283	1,536
Issue of debentures	**600**	520	250
Redemption of debentures	**(274)**	(268)	—
Issue of preferred shares	**200**	—	—
Redemption of preferred shares	**(524)**	(333)	(200)
Issue of common shares	**13**	2	184
Purchase of common shares for cancellation	**(441)**	—	—
Dividends	**(464)**	(431)	(422)
Other, net	**(243)**	179	(348)
	16,502	25,331	7,067
Cash Flows Provided by (Used in) Investing Activities			
Other balances on deposit with other banks	**7,630**	(6,118)	(1,696)
Loans, net of repayments	**(5,981)**	(3,274)	(2,177)
Net purchase of securities held for investment	**(432)**	(1,786)	(1,063)
Securities purchased under resale agreements	**(18,361)**	(7,589)	(1,460)
Land, buildings and equipment, net of disposals	**(200)**	(265)	(286)
	(17,344)	(19,032)	(6,682)
Net increase (decrease) in cash and cash equivalents during year	**296**	733	(1,149)
Cash and cash equivalents at beginning of year	**1,075**	342	1,491
Cash and cash equivalents at end of year	**$ 1,371**	$ 1,075	$ 342
Cash and non-interest-bearing deposits with Bank of Canada and other banks	**$ 1,654**	$ 1,323	$ 1,458
Cheques and other items in transit, net	**(283)**	(248)	(1,116)
Cash and cash equivalents at end of year	**$ 1,371**	$ 1,075	$ 342

1. Summary of Significant Accounting Policies

The consolidated financial statements of Canadian Imperial Bank of Commerce and its subsidiaries (CIBC) have been prepared in accordance with generally accepted accounting principles. The significant accounting policies used in the preparation of these financial statements, including the accounting requirements of the Superintendent of Financial Institutions Canada in accordance with Section 308(4) of the Bank Act, are summarized below.

These consolidated financial statements conform in all material respects with international accounting standards.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

Basis of Consolidation

The financial statements include the accounts of all subsidiaries on a consolidated basis. Goodwill, representing the excess of the purchase price over the net assets of the subsidiaries acquired, is amortized to income over its estimated useful life, not exceeding 20 years, using the straight-line method, except where a write-down is required to reflect permanent impairment. Intercompany accounts and transactions have been eliminated.

Investments in companies over which CIBC has significant influence are accounted for by the equity method and are included in equity securities in the consolidated balance sheets. CIBC's share of earnings from these investments is included in interest income in the consolidated statements of income.

Securities

Debt securities held for investment are carried at cost, adjusted for amortization of premiums and discounts to the earlier of call date or maturity. Loan substitute securities, which are included in securities on the consolidated balance sheets, are accounted for as loans. Equity securities of companies over which CIBC does not have significant influence are carried at cost. If the value of a security held for investment suffers an other than temporary decline, the carrying value is appropriately reduced. Securities held for trading are carried at market value.

All gains and losses on sales of securities, the amortization of premiums and discounts, the revaluation to market of securities held for trading and adjustments to record other than temporary declines in value of securities held for investment, are included in interest income in the consolidated statements of income.

Loans

Loans are stated net of unearned income and of the allowance for credit losses.

Impaired loans include non-accrual loans, acceptances and loan substitute securities and assets acquired on loan realization. A loan is classified as non-accrual when, in the opinion of management, there no longer is reasonable assurance of the timely collection of the full amount of principal and interest. A loan where repayment of principal or payment of interest is contractually 90 days in arrears is placed on a non-accrual basis. Exceptions are credit card loans, which are classified and written-off when payments are contractually 180 days in arrears; loans which are both well secured and in the process of collection, which are classified as non-accrual when payments are contractually 180 days in arrears; and loans guaranteed or insured by the Canadian government, the provinces or a Canadian government agency which are classified as non-accrual when payments are contractually 365 days in arrears. When a loan is classified as impaired, all uncollected interest is recorded as part of the loan's carrying value for the purpose of determining the loan's estimated realizable value. No portion of cash received on a loan subsequent to its classification as impaired is recorded as income until such time as any prior write-off has been recovered or any specific allowance has been reversed and it is deemed that the loan principal is fully collectible in accordance with the original contractual terms of the loan.

Fees relating to loan origination, including loan restructuring or renegotiating, are considered an integral part of the yield earned on the loan and are amortized to interest income over the term of the loan. Commitment fees are treated on the same basis if there is reasonable expectation that the commitment will be called upon and will result in a loan; otherwise, the fees are amortized to non-interest income over the term of the commitment. Loan syndication fees are included in non-interest income on completion of the syndication arrangement provided that the yield on any portion of the loan retained by CIBC is at least equal to the average yield earned by the other lenders involved in the financing; otherwise, an appropriate portion of the fee is amortized to interest income to produce an equal average yield over the term of the loan.

Allowances for Credit Losses

The management of CIBC establishes and maintains allowances for credit losses which it considers the best possible estimate of probable credit-related losses existing in CIBC's portfolio of on and off balance sheet items in the light of current conditions. A loan is considered impaired when the lender no longer has reasonable assurance of the timely collection of the full amount of principal and interest. Such impaired loans are carried at their estimated realizable values determined by discounting the expected future cash flows at the interest rate inherent in the loan. When the amount and timing of future cash flows cannot be estimated reliably, the loan is carried at either the fair value of the security underlying the loan or the

market price of the loan. Any changes in the estimated realizable amounts are reported wholly as a charge or credit for loan impairment through the allowances for credit losses. The allowances for credit losses consist of specific and general components which are deducted from the related asset categories, and specific allowances relating to off balance sheet items which are included in other liabilities.

The management of CIBC conducts ongoing credit assessments of the portfolio on an account-by-account basis and establishes specific allowances when doubtful accounts are identified. For the personal and credit card loan portfolios, which consist of large numbers of homogeneous balances of relatively small amounts, specific allowances are established by reference to historical ratios of write-offs to balances outstanding. The general component includes an allowance for credit losses which is prudential in nature and cannot be determined on an account-by-account basis but which management believes is warranted given the current economic conditions and trends surrounding particular industries, geographic regions or other loan concentrations in the portfolio.

In March 1994, the Canadian Institute of Chartered Accountants (CICA) issued Handbook Section 3025, "Impaired Loans." The effect of implementing the new requirement to discount expected future cash flows, which was adopted by CIBC in fiscal 1996, was an increase in the allowance for credit losses of $165 million, a reduction of deferred tax liabilities of $71 million and a reduction of retained earnings of $94 million, as at November 1, 1995.

Acceptances

CIBC's potential liability under acceptances is reported as a liability in the consolidated balance sheets. CIBC's recourse against the customer in the event of a call on any of these commitments is reported as a corresponding asset of the same amount.

Foreign Currency Translation

All assets and liabilities denominated in foreign currencies are translated into Canadian dollars at rates prevailing at the dates of the financial statements except for investments in foreign currency securities and fixed assets purchased with Canadian dollars which are translated at historical rates. Revenue and expenses denominated in foreign currencies are translated into Canadian dollars using prevailing monthly exchange rates. Realized and unrealized gains and losses on foreign currency positions are reported in the consolidated statement of income of the current year with the following exception—premiums and discounts on deposit swaps are amortized to maturity as interest in the consolidated statements of income. Translation adjustments of investment positions in foreign operations, net of income taxes and related hedging transactions, are reported in retained earnings.

Land, Buildings and Equipment

Land is reported at cost. Buildings, equipment and leasehold improvements are reported at cost less accumulated depreciation. Gains and losses on disposal are reported in non-interest income. Depreciation rates by asset category are generally as follows:

Asset	Rate
Buildings	40 years
Computer and other equipment	20% - 33%
Leasehold improvements	estimated useful life

Derivative Instruments

Derivative instruments are contracts, the value of which is derived from interest rates, foreign exchange rates or other financial or commodity indices. Derivative instruments include interest rate, foreign exchange, equity, credit and precious metal and other commodity products. These products are either exchange traded (futures and options) or traded over-the-counter (swaps, forwards and options).

Derivatives Held for Trading Purposes

CIBC's derivative trading activities are driven by client and, to a lesser extent, by proprietary trading activities. Derivatives held for trading, including derivatives used to hedge risks created by assets or liabilities carried at market rates, are valued at fair values. Quoted market prices, when available, are used as the basis to determine the fair values of derivatives held for trading. Otherwise, fair values are estimated on the basis of pricing models, quoted prices of instruments with similar characteristics, or discounted cash flows. Where appropriate, a valuation adjustment is made to cover market, model and credit risks, as well as administrative costs. Resulting gains and losses are included in non-interest income in the consolidated statements of income. Unrealized gains and losses are netted by product and reported in other assets or other liabilities, as appropriate.

Derivatives Held for Asset Liability Management Purposes

CIBC uses derivatives, primarily interest rate swaps and, to a lesser degree, futures, forward rate agreements and option contracts, to hedge exposures. CIBC also uses primarily interest rate swaps to modify the interest rate characteristics of related balance sheet instruments.

To meet the criteria for hedge accounting, derivatives must be effective at reducing the risk associated with the exposure being hedged and must be designated at the inception of the derivative instrument. Accordingly, changes in the market value of the derivative must substantially offset the changes in the market value of the underlying hedged item.

Interest income or expense arising from derivative instruments held for asset liability management purposes that meet the hedge accounting criteria or modify interest rate characteristics of balance sheet instruments is recorded on an accrual basis. There is no recognition of unrealized gains and losses in the balance sheet on derivatives held for asset liability management. Premiums on option contracts are amortized to interest income or expense over the life of such contracts. Realized gains and losses from the settlement or early termination of hedges are deferred and amortized to interest income or expense over the period hedged. Accrued interest receivable or payable and any deferred gains or losses are reported in other assets and other liabilities, as appropriate.

Pensions and Other Post-Retirement Benefits

CIBC is the sponsor of two major pension plans, the contributory and the non-contributory defined benefit pension plans, under which all eligible employees are entitled to benefits based on length of service and rates of pay.

Based on management's best estimate assumptions, actuarial valuations of the pension obligations are made periodically for accounting purposes using the projected benefit method prorated on service. The valuations are made by an independent actuary who provides management with advice and assistance in arriving at their best estimate assumptions. Market-related values are used to value pension fund assets.

The annual pension expense includes the actuarial costs of pension benefits and the amortization of experience gains and losses. Amortization is charged on a straight-line basis over the expected average remaining service life of the employee groups covered by the plans.

CIBC also provides certain health care and life insurance benefits to eligible pensioners. The costs of such benefits are expensed as incurred.

Net Income per Common Share

Net income per common share is calculated by dividing net income applicable to common shares by the daily average equivalent of fully paid common shares outstanding.

1995 and 1994 Financial Information

1995 and 1994 financial information has been reclassified, where necessary, to conform with the presentation adopted in 1996.

Future Impact of Recently Issued Accounting Standards

In September 1995, the CICA issued Handbook Section 3860 "Financial Instruments — Disclosure and Presentation" which takes effect in fiscal 1997. CIBC has chosen to adopt the provisions of Section 3860 prospectively in fiscal 1996, except as described below.

Under Section 3860, assets and liabilities should not be offset on the balance sheet unless specific criteria are met. The most significant impact of this requirement is that market revaluations of off balance sheet items currently netted by contract type would be shown gross. Market revaluations on contracts with the same counterparty would be permitted to be netted if the contracts are executed under legally enforceable rights to set off the recognized amounts and if there is the intent to settle net. Had CIBC reported its market revaluations (total unrealized gains of $13.3 billion and total unrealized losses of $12.5 billion) in accordance with CICA 3860 as at October 31, 1996, both assets and liabilities would have increased by $11.2 billion.

Information with respect to interest rate sensitivity is provided in management's discussion and analysis of operating results and financial condition.

2. Cash Resources

	Residual term to contractual maturity				
$ millions	Within 3 months	Over 3 months to 1 year	Over 1 year	**1996**	1995
Cash and non-interest-bearing deposits with Bank of Canada and other banks	**$ 1,654**	**$ —**	**$ —**	**$ 1,654**	$ 1,323
Interest-bearing deposits with other banks	**6,042**	**393**	**31**	**6,466**	14,096
	$ 7,696	**$ 393**	**$ 31**	**$ 8,120**	$ 15,419

3. Securities

$ millions	Residual term to contractual maturity					1996	1995
	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years	No specific maturity	Total	Total
Securities held for investment							
Securities issued or guaranteed by:							
Canadian government							
Carrying value	$ 4,898	$ 3,009	$ 61	$ 156	$ —	**$ 8,124**	$10,323
Estimated market value	4,941	3,084	57	178	—	**8,260**	10,347
Yield[1]	*3.5%*	*6.9%*	*7.0%*	*8.1%*		***4.9%***	*7.0%*
Provincial and municipal governments							
Carrying value	64	691	106	—	—	**861**	688
Estimated market value	64	691	122	—	—	**877**	693
Yield[1]	*5.2%*	*4.5%*	*4.8%*			***4.6%***	*5.5%*
U.S. Treasury							
Carrying value	3,499	80	13	427	—	**4,019**	1,807
Estimated market value	3,477	80	14	438	—	**4,009**	1,801
Yield[1]	*5.4%*	*7.0%*	*6.7%*	*8.3%*		***5.7%***	*5.4%*
Other U.S. agencies							
Carrying value	786	23	—	—	—	**809**	209
Estimated market value	787	22	—	—	—	**809**	207
Yield[1]	*5.4%*	*4.8%*				***5.4%***	*6.1%*
Other foreign governments							
Carrying value	105	124	45	156	—	**430**	908
Estimated market value	104	132	47	178	—	**461**	915
Yield[1]	*5.8%*	*8.8%*	*9.3%*	*7.5%*		***7.6%***	*5.5%*
Corporate securities							
Debt							
Carrying value	1,363	565	95	14	117	**2,154**	2,006
Estimated market value	1,366	576	99	14	117	**2,172**	2,027
Yield[1]	*4.7%*	*8.0%*	*7.7%*	*9.0%*	*2.7%*	***5.6%***	*6.7%*
Equity							
Carrying value	74	199	25	—	985	**1,283**	1,164
Estimated market value	75	203	25	—	1,110	**1,413**	1,219
Yield[1]	*7.1%*	*6.3%*	*6.3%*		*1.6%*	***2.7%***	*3.6%*
Loan substitute securities[2]							
Carrying value	18	176	2	—	6	**202**	275
Estimated market value	18	176	2	—	6	**202**	275
Yield[1]	*3.8%*	*4.5%*	*3.5%*		*5.1%*	***4.4%***	*5.1%*
Equity accounted investments							
Carrying value	—	—	—	—	236	**236**	231
Estimated market value	—	—	—	—	236	**236**	231
Total investment securities							
Carrying value	$ 10,807	$ 4,867	$ 347	$ 753	$1,344	**$ 18,118**	$17,611
Estimated market value	$ 10,832	$ 4,964	$ 366	$ 808	$1,469	**$ 18,439**	$17,715

(1) Represents the weighted average yield which is equal to average yield based on the carrying value at the end of the year for respective securities.

(2) Loan substitute securities, which consist of small business development bonds, small business bonds, income debentures and certain term preferred shares, are structured as after-tax instruments. The income earned on these securities is not taxable to CIBC; however, the rate of interest or dividend received by CIBC is significantly lower than would apply to a loan of the same amount.

3. Securities (continued)

$ millions

	Residual term to contractual maturity					1996	1995
	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years	No specific maturity	Total	Total
Securities held for trading							
Securities issued or guaranteed by:							
Canadian government	$ 1,493	$ 3,073	$ 946	$ 869	$ —	**$ 6,381**	$ 8,487
Provincial and municipal governments	582	484	586	567	—	**2,219**	1,696
U.S. Treasury	561	997	830	226	—	**2,614**	2,153
Other foreign governments	13	238	370	248	—	**869**	995
Corporate securities							
Debt	2,744	2,179	1,424	210	146	**6,703**	5,161
Equity	—	—	—	—	2,913	**2,913**	2,152
Total trading securities	$ 5,393	$ 6,971	$ 4,156	$ 2,120	$ 3,059	**$ 21,699**	$20,644
Total investment securities							
Carrying value	$10,807	$ 4,867	$ 347	$ 753	$ 1,344	**$ 18,118**	$17,611
Estimated market value	$10,832	$ 4,964	$ 366	$ 808	$ 1,469	**$ 18,439**	$17,715
Total securities, at carrying value	$16,200	$11,838	$ 4,503	$ 2,873	$ 4,403	**$ 39,817**	$38,255
Total securities, at estimated market value	$16,225	$11,935	$ 4,522	$ 2,928	$ 4,528	**$ 40,138**	$38,359

Estimated Market Values of Securities Held for Investment

$ millions

	1996				1995			
	Carrying value	Unrealized gains	Unrealized losses	Estimated market value	Carrying value	Unrealized gains	Unrealized losses	Estimated market value
Securities issued or guaranteed by:								
Canadian government	**$ 8,124**	**$ 142**	**$ (6)**	**$ 8,260**	$10,323	$ 44	$ (20)	$10,347
Provincial and municipal governments	**861**	**21**	**(5)**	**877**	688	6	(1)	693
U.S. Treasury	**4,019**	**11**	**(21)**	**4,009**	1,807	1	(7)	1,801
Other U.S. agencies	**809**	**1**	**(1)**	**809**	209	1	(3)	207
Other foreign governments	**430**	**31**	**—**	**461**	908	13	(6)	915
Corporate securities								
Debt	**2,154**	**21**	**(3)**	**2,172**	2,006	23	(2)	2,027
Equity	**1,283**	**146**	**(16)**	**1,413**	1,164	85	(30)	1,219
Loan substitute securities[1]	**202**	**—**	**—**	**202**	275	—	—	275
Equity accounted investments	**236**	**—**	**—**	**236**	231	—	—	231
	$ 18,118	**$ 373**	**$ (52)**	**$18,439**	$17,611	$ 173	$ (69)	$17,715

[1] Loan substitute securities, which consist of small business development bonds, small business bonds, income debentures and certain term preferred shares, are structured as after-tax instruments. The income earned on these securities is not taxable to CIBC; however, the rate of interest or dividend received by CIBC is significantly lower than would apply to a loan of the same amount.

Income from Securities

$ millions	1996	1995	1994
Securities held for investment			
Interest and dividends	**$ 1,173**	$ 1,138	$ 847
Net gains on disposals	**75**	90	71
Adjustments for declines in value	**(19)**	(29)	(34)
Equity accounted investments	**17**	13	32
	1,246	1,212	916
Securities held for trading	**901**	560	498
Total income from securities	**$ 2,147**	$ 1,772	$ 1,414

4. Loans

$ millions	1996 Gross amount	1996 Allowance	1996 Net total	1995 Gross amount	1995 Allowance	1995 Net total
Residential mortgages	**$ 36,932**	**$ 43**	**$ 36,889**[1]	$ 34,686	$ 27	$ 34,659[1]
Personal and credit card loans	**20,132**	**152**	**19,980**[2]	18,716	179	18,537[2]
Business and government loans	**45,642**	**1,227**[3]	**44,415**	44,013	1,261[3][4]	42,752
Securities purchased under resale agreements	**32,534**	**—**	**32,534**	14,173	—	14,173
	$ 135,240	**$ 1,422**	**$ 133,818**	$ 111,588	$ 1,467	$110,121
Canadian currency			**$ 85,464**			$ 77,826
Foreign currencies			**$ 48,354**			$ 32,295
Of which, impaired loans are:						
Residential mortgages	**$ 207**	**$ 43**[5]	**$ 164**	$ 211	$ 27[5]	$ 184
Personal and credit card loans	**239**	**152**[6]	**87**	254	179[6]	75
Business and government loans	**1,668**	**1,227**[3][7]	**441**	2,347	1,239[3][7]	1,108
	$ 2,114	**$ 1,422**	**$ 692**	$ 2,812	$ 1,445	$ 1,367
Canadian currency			**$ 209**			$ 629
Foreign currencies			**$ 483**			$ 738

(1) The net total of residential mortgages includes mortgages to directors, officers and employees of $919 million (1995: $930 million).
(2) The net total of personal and credit card loans includes loans to directors, officers and employees of $318 million (1995: $345 million).
(3) For presentation purposes, this amount includes the general allowance of $400 million (1995: $250 million), although it is available for the portfolio as a whole.
(4) Includes $22 million relating to LDC performing loans.
(5) The allowance relating to residential mortgages is determined on an account-by-account basis.
(6) The allowance relating to personal and credit card loans, which represent homogeneous, small loan balances, is calculated using formulae.
(7) The allowance includes the general allowance as referred to above, but is otherwise calculated on an account-by-account basis.

As at October 31, 1996, other past due loans totalled $46 million (1995: $42 million) of which $25 million (1995: $35 million) was in Canada and $21 million (1995: $7 million) was outside Canada. Other past due loans, excluding credit card loans and government guaranteed loans, are loans where repayment of principal or payment of interest is contractually in arrears between 90 and 180 days. These loans have not been classified as non-accrual loans because they are both well-secured and in the process of collection. When the arrears reach 180 days, the loans become non-accrual notwithstanding the security held.

4. Loans (continued)

Loan Maturities

$ millions	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years	1996 Total	1995 Total
	Residual term to contractual maturity					
Residential mortgages	$ 14,710	$ 21,545	$ 589	$ 45	$ 36,889	$ 34,659
Personal and credit card loans	17,663	2,243	74	—	19,980	18,537
Business and government loans	25,872	11,848	6,087	608	44,415	42,752
Securities purchased under resale agreements	32,534	—	—	—	32,534	14,173
	$ 90,779	$ 35,636	$ 6,750	$ 653	$ 133,818	$ 110,121

Allowance for Credit Losses

$ millions	Specific 1996	Specific 1995	Specific 1994	General[1] 1996	General[1] 1995	General[1] 1994	Total 1996	Total 1995	Total 1994
Balance at beginning of year	$ 1,166	$ 1,301	$ 1,659	$ 372	$ 372[3]	$ 390[3]	$ 1,538	$1,673	$2,049
Adjustment for accounting change[2]	165	—	—	—	—	—	165	—	—
Write-offs	(791)	(873)	(1,375)	(65)[4]	—	(20)[4]	(856)	(873)	(1,395)
Recoveries	113	66	62	—	—	—	113	66	62
Provision for credit losses charged to the consolidated statements of income	387	680	880	93	—	—	480	680	880
Foreign exchange and other adjustments	1	(8)	75	—	—	2	1	(8)	77
Balance at end of year	$ 1,041	$ 1,166	$ 1,301	$ 400	$ 372	$ 372	$ 1,441	$1,538	$1,673

(1) The general allowance incorporates the general country risk allowance of $122 million for 1995 and 1994.
(2) Represents the effect of implementing CICA Handbook Section 3025, "Impaired Loans" which introduced the requirement to discount expected future cash flows on impaired loans. The effect of implementation of this new requirement was an increase in the allowance for credit losses of $165 million, a reduction of deferred tax liabilities of $71 million and a reduction of retained earnings of $94 million, as at November 1, 1995.
(3) Includes $122 million for general country risk in 1995 and $140 million in 1994.
(4) Represent general country risk write-offs.

The allowance for credit losses relates to the following:

$ millions	1996	1995
Loans	$ 1,422	$ 1,467
Securities of lesser developed countries	—	71
Letters of credit	19	—
	$ 1,441	$ 1,538

5. Land, Buildings and Equipment

$ millions			1996			1995
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Land	$ 222	$ —	$ 222	$ 222	$ —	$ 222
Buildings	1,221	358	863	1,191	331	860
Computer, office furniture and other equipment	1,712	1,041	671	1,607	905	702
Leasehold improvements	449	222	227	421	192	229
	$ 3,604	$ 1,621	$ 1,983	$ 3,441	$ 1,428	$ 2,013

Depreciation and amortization in respect of buildings, equipment and leasehold improvements for the year amounted to $232 million (1995: $241 million).

6. Other Assets

$ millions	1996	1995
Market revaluations of derivative instruments	$ 2,123	$ 1,943
Brokers' client accounts	846	519
Cumulative excess of pension fund contributions over the amounts recorded as expense *(Note 12)*	236	219
Goodwill	161	184
Other prepayments and deferred items	43	69
Other, including accounts receivable	1,921	1,118
	$ 5,330	$ 4,052

7. Deposits

$ millions							1996	1995
			Payable on a fixed date[3]					
	Payable on demand[1]	Payable after notice[2]	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years	Total	Total
Individuals	$ 2,215	$ 17,919	$ 27,736	$ 13,598	$ 16	$ —	**$ 61,484**	$ 61,061
Businesses and governments	8,863	4,937	24,467	1,039	458	3,941	**43,705**	45,738
Banks	590	304	21,097	241	—	—	**22,232**	22,683
	$11,668	$ 23,160	$ 73,300	$ 14,878	$ 474	$ 3,941	**$ 127,421**[4]	$ 129,482[4]
Canadian currency							**$ 81,310**	$ 83,142
Foreign currencies							**$ 46,111**	$ 46,340

(1) Deposits payable on demand include all deposits where CIBC does not have the right to require notice of withdrawal. These deposits are, in general, chequing accounts.
(2) Deposits payable after notice include all deposits where CIBC can legally require notice of withdrawal. These deposits are, in general, savings accounts.
(3) Deposits payable on a fixed date include all deposits which mature on a specified date. These deposits are usually term deposits, guaranteed investment certificates and similar instruments.
(4) Total deposits include non-interest-bearing deposits in domestic offices of $5,547 million (1995: $4,641 million), interest-bearing deposits in domestic offices of $81,291 million (1995: $76,074 million), non-interest-bearing deposits in foreign offices of $388 million (1995: $643 million), interest-bearing deposits in foreign offices of $39,733 million (1995: $47,032 million), and federal funds purchased of $462 million (1995: $1,092 million).

8. Other Liabilities

$ millions	1996	1995
Market revaluations of derivative instruments	**$ 1,309**	$ 871
Gold and silver certificates	**725**	849
Brokers' client accounts	**853**	698
Cheques and other items in transit, net	**283**	248
Deferred items	**303**	200
Deferred income taxes *(Note 13)*	**232**	126
Non-controlling interests in subsidiaries	**71**	49
Other, including accounts payable and accruals	**2,550**	1,760
	$ 6,326	$ 4,801

9. Debentures

Debentures are unsecured and subordinated to deposits and other liabilities. CIBC enters into hedging transactions to effectively eliminate foreign exchange risk on debentures.

$ millions

Interest rate[1] %	Maturity date	Earliest date redeemable by CIBC	Denominated in foreign currency	1996 Amount	1995 Amount
9.5	October 15, 1996			$ —	$ 4
9.5	November 7, 1997	September 7, 1995	LUF 1.7 billion	73	79
9.25	February 15, 1998			—	6
6.375	June 6, 1998		DEM 200 million	176	191
10.071	November 4, 1998	October 27, 1993	US$ 35 million	47	47
10.071	November 4, 1998	October 27, 1993	US$ 10 million	13	13
9.5	December 30, 1998		LUF 1.5 billion	64	70
5.7	September 13, 2000	September 13, 1998	Yen 18 billion	211	237
10.375	January 31, 2000	January 31, 1995		150	150
12.45	December 1, 2000	December 1, 1995		150	150
7.3	January 27, 2001	January 27,1999	Yen 9 billion	106	119
7.88	July 28, 2001	July 28, 1999	Yen 5 billion	59	66
9.4	December 3, 2001	November 5, 1996[2]		—	150
10.75	March 15, 2003	March 15, 1998		150	150
5.5	June 21, 2003		Yen 5 billion	59	66
5.7	September 29, 2003	September 29, 1998	Yen 5 billion	59	66
7.5	November 28, 2003	November 28, 1998	Yen 5 billion	59	66
7.4	January 27, 2004		Yen 5 billion	—	66
11.125	February 10, 2004	February 10, 1989		50	50
7.1	March 10, 2004	March 10, 1999		250	250
6.91	July 19, 2004	July 19, 1999	Yen 5 billion	59	66
8.55	May 12, 2005	May 12, 2000		70	70
8.65	August 22, 2005	August 22, 2000		200	200
7.4	January 31, 2011	January 31, 2006		250	—
8.15	April 5, 2011	April 25, 2001		250	—
9.65	October 31, 2014	November 1, 1999		250	250
8.7	May 25, 2029			25	—
8.7	May 25, 2032			25	—
8.7	May 25, 2033			25	—
8.7	May 25, 2035			25	—
11.6	January 7, 2031	January 8, 1996		200	200
10.8	May 15, 2031	May 15, 2021		150	150
Floating[4]	July 31, 2084	July 30, 1990	US$ 288 (1995: 300) million[5]	385	403
Floating[4]	August 31, 2085	August 20, 1991	US$ 226 (1995: 250) million[5]	302	336
				$ 3,892	$ 3,671
Canadian currency				$ 2,220	$ 1,780
Foreign currencies				$ 1,672	$ 1,891

Repayment schedule

$ millions

Within 1 year	$ 1,370[3]
Over 1 to 2 years	596
Over 2 to 3 years	597
Over 3 to 4 years	520
Over 4 to 5 years	250
Over 5 years	559
	$ 3,892

[1] Interest rates applicable to certain issues will change subsequent to the earliest date redeemable by CIBC. The impact of these changes is immaterial.
[2] On October 31, 1996, CIBC had on deposit with a trustee sufficient cash to redeem these debentures. With regulatory approval, these debentures have been accepted as redeemed at October 31, 1996, and, accordingly, have been removed from the consolidated balance sheet.
[3] This amount may be redeemed immediately at the option of CIBC.
[4] Interest rate is based on the average London Inter-Bank Offered Rate (LIBOR).
[5] US$12 million and US$24 million of the 2084 and 2085 debentures, respectively, were redeemed during 1996.

Subsequent event

On November 1, 1996, CIBC issued $250 million of 7% debentures due October 23, 2011 for cash.

10. Share Capital

Authorized:

Preferred Shares
An unlimited number of Class A Preferred Shares and Class B Preferred Shares without par value issuable for an aggregate consideration not exceeding $5,000 million for each class.

Common Shares
An unlimited number of Common Shares without par value issuable for an aggregate consideration not exceeding $10,000 million.

	Shares		Amount $ millions	
Issued and fully paid:	**1996**	1995	**1996**	1995
Class A Preferred Shares				
Series 4: Outstanding	**1,040,610**	1,040,610	$ **104**	$ 104
Series 5: Outstanding	**4,527,000**	4,527,000	**113**	113
Series 9: Outstanding	**10,000,000**	10,000,000	**250**	250
Series 10: Outstanding	**—**	10,000,000	**—**	336
Series 11: Outstanding	**—**	6,000,000	**—**	150
Series 12: Outstanding	**6,000,000**	6,000,000	**201**	202
Series 13: Outstanding	**8,000,000**	8,000,000	**200**	200
Series 14: Outstanding	**8,000,000**	—	**200**	—
Total preferred share capital at end of year			**1,068**	1,355
Common Shares				
Total common share capital at beginning of year	**216,345,014**	216,273,098	**3,202**	3,200
Issued pursuant to the Shareholder Investment Plan	**—**	18,491	**—**	1
Issued pursuant to the Employee Stock Option Plan	**411,758**	53,425	**13**	1
Purchase of common shares for cancellation	**(10,800,000)**	—	**(160)**	—
Total common share capital at end of year	**205,956,772**	216,345,014	**3,055**	3,202
Total share capital			$ **4,123**	$ 4,557

Share rights and privileges:

Price Adjusted Floating Rate Class A Preferred Shares Series 4
These shares bear monthly cumulative dividends at a rate that floats in relation to CIBC's prime interest rate adjusted upwards or downwards on a monthly basis whenever the calculated trading price of the shares is less than $99.75 or more than $100.25, respectively. They are redeemable by CIBC at a price of $100.00 per share. During 1995, CIBC redeemed 459,390 of these shares.

Floating Rate Class A Preferred Shares Series 5
These shares bear quarterly cumulative dividends at a rate based on 69% of CIBC's average prime interest rate. They are redeemable by CIBC at a price of $25.00 per share. During 1995, CIBC redeemed 1,473,000 of these shares.

Class A Preferred Shares Series 7
These shares were redeemed for cash in 1995.

Class A Preferred Shares Series 8
These shares were redeemed for cash in 1995.

Class A Preferred Shares Series 9
These shares bear quarterly non-cumulative dividends at a rate of $0.56875 per share. They are redeemable by CIBC at a price of $26.00 per share if redeemed in the 12 month period commencing April 30, 1998, $25.50 if redeemed during the 12 month period commencing April 30, 1999 and $25.00 thereafter. On or after April 30, 1998, each share will be convertible at the option of CIBC into Common Shares based on 95% of the average trading price of such Common Shares. On or after April 30, 2001, each share will be convertible at the option of the holder into Common Shares based on 95% of the average trading price of such Common Shares. CIBC may opt to redeem for cash, or to ensure sale for cash to another purchaser, shares so tendered for conversion.

Class A Preferred Shares Series 10
On October 3, 1996, CIBC provided notice of redemption for cash of all outstanding Series 10 Preferred Shares on December 2, 1996, at US$26.75 per share plus accrued and unpaid dividends. On October 31, 1996, CIBC had on deposit with a trustee sufficient cash to redeem these shares. With regulatory approval, these shares have been accepted as having been redeemed at October 31, 1996, and, accordingly, have been removed from the consolidated balance sheet. These shares, denominated in U.S. dollars, bore quarterly non-cumulative dividends, at a rate equal to the greater of (i) US$0.47500 per share, and (ii) 61% of the dividend paid on the Common Shares of CIBC for the quarter.

Class A Preferred Shares Series 11
On October 3, 1996, CIBC provided notice of redemption for cash of all outstanding Series 11 Preferred Shares on December 2, 1996, at $26.75 per share plus accrued and unpaid dividends. On October 31, 1996, CIBC had on deposit with a trustee sufficient cash to redeem these shares. With regulatory approval, these shares have been accepted as having been redeemed at October 31, 1996, and, accordingly, have been removed from the consolidated balance sheet. These shares bore quarterly non-cumulative dividends, at a rate equal to the greater of (i) $0.55313 per share, and (ii) 70% of the dividend paid on the Common Shares of CIBC for the quarter.

Class A Preferred Shares Series 12
These shares, denominated in U.S. dollars bear quarterly non-cumulative dividends at a rate of US$0.40625 per share. They are redeemable by CIBC at a price of US$26.00 per share if redeemed in the 12 month period commencing October 31, 2000, US$25.50 if redeemed during the 12 month period commencing October 31, 2001 and US$25.00 thereafter. On or after October 31, 2000, each share will be convertible at the option of CIBC into Common Shares based on 95% of the average trading price of such Common Shares. On or after July 31, 2003, each share will be convertible at the option of the holder into Common Shares based on 95% of the average trading price of such Common Shares. CIBC may opt to redeem for cash, or to ensure sale for cash to another purchaser, shares so tendered for conversion.

Class A Preferred Shares Series 13
These shares bear quarterly non-cumulative dividends at a rate of $0.43750 per share. They are redeemable by CIBC at a price of $26.00 per share if redeemed in the 12 month period commencing October 31, 2000, $25.50 if redeemed during the 12 month period commencing October 31, 2001 and $25.00 thereafter. On or after October 31, 2000, each share will be convertible at the option of CIBC into Common Shares based on 95% of the average trading price of such Common Shares. On or after July 31, 2003, each share will be convertible at the option of the holder into Common Shares based on 95% of the average trading price of such Common Shares. CIBC may opt to redeem for cash, or to ensure sale for cash to another purchaser, shares so tendered for conversion.

Class A Preferred Shares Series 14
These shares bear quarterly non-cumulative dividends at a rate of $0.371875 per share. They are redeemable by CIBC at a price of $26.00 per share if redeemed in the 12 month period commencing July 31, 2003, $25.50 if redeemed during the 12 month period commencing July 31, 2004 and $25.00 thereafter. On or after July 31, 2003, each share will be convertible at the option of CIBC into Common Shares based on 95% of the average trading price of such Common Shares. On or after July 31, 2006, each share will be convertible at the option of the holder into Common Shares based on 95% of the average trading price of such Common Shares. CIBC may opt to redeem for cash, or to ensure sale for cash to another purchaser, shares so tendered for conversion.

Shareholder Investment Plan:
Under the Shareholder Investment Plan, eligible shareholders have the right to participate in one or more of the following options: the Dividend Reinvestment Option, the Share Purchase Option or the Stock Dividend Option. The details of these options are discussed in the Shareholder and Investor Information section commencing on page 120.

Shares reserved for issue:
As at October 31, 1996, 4,534,442 Common Shares have been reserved for issue pursuant to the Employee Stock Option Plan.

CIBC is prohibited by the Bank Act (Canada) from declaring any dividends on its preferred or common shares when the bank is, or would be placed by such dividend, in contravention of the capital adequacy and liquidity regulations or any regulatory directives issued under the Act. In addition, the ability to pay common share dividends is restricted by the terms of the outstanding preferred shares whereby the bank may not pay dividends on its common shares at any time unless all dividends to which preferred shareholders are then entitled have been declared and paid or set apart for payment.

Subsequent event
On November 1, 1996, CIBC issued 12,000,000 Class A Preferred Shares Series 15 for cash of $300 million. These shares bear non-cumulative dividends. The net proceeds of the issue were added to the general funds of CIBC.

Dividends:

Dividends declared during the year were as follows:

	Total $ millions 1996	1995	1994	Per share dollars 1996	1995	1994
Class A Preferred Shares						
– Series 4	$ **5**	$ 7	$ 7	$ **4.74**	$ 6.09	$ 4.58
– Series 5	**5**	7	6	$ **1.16**	$ 1.47	$ 1.11
– Series 6	**—**	—	19	$ **—**	$ —	$ 2.43
– Series 7	**—**	2	2	$ **—**	$ 4,208	$ 3,507
– Series 8	**—**	5	18	$ **—**	$ 0.67	$ 2.22
– Series 9	**23**	23	23	$ **2.28**	$ 2.28	$ 2.28
– Series 10	**28**	26	26	US$ **2.07**	US$ 1.90	US$ 1.90
– Series 11	**15**	13	13	$ **2.41**	$ 2.21	$ 2.21
– Series 12	**13**	14	13	US$ **1.63**	US$ 1.63	US$ 1.63
– Series 13	**14**	14	14	$ **1.75**	$ 1.75	$ 1.75
– Series 14	**9**	—	—	$ **1.12**	$ —	$ —
	112	111	141			
Common Shares	**352**	320	281	$ **1.70**	$ 1.48	$ 1.32
	$ **464**	$ 431	$ 422			

Employee Stock Option Plan:

CIBC has established an Employee Stock Option Plan. Periodically, under this plan, stock options will be granted to designated employees. The options vest evenly over a four year period and expire within 10 years from the grant date.

During 1996, 472,920 options were exercised at prices ranging from $30.75 to $35.625 (1995: 59,300 options). A total of 132,625 options were cancelled during 1996 (1995: 195,200).

Grant Date	Exercise Price	Options Granted	Options Exercised	Options Cancelled	Options Outstanding **1996**	Options Outstanding 1995
1993	$ 30.750	1,350,000	297,850	170,700	**881,450**	1,142,125
1994	$ 35.625	1,339,000	140,120	186,500	**1,012,380**	1,165,000
1995	$ 32.750	1,430,500	94,625	77,125	**1,258,750**	1,405,500
1996	$ 42.250	1,627,750	—	45,500	**1,582,250**	—
		5,747,250	532,595	479,825	**4,734,830**	3,712,625

11. Trading Revenue

Trading revenue is earned through the trading of securities, foreign exchange and derivative products. Trading activities include dealing and other securities and derivatives trading activities measured at fair value with gains and losses recognized in earnings, but excludes underwriting fees and commissions on securities transactions which are shown separately in the consolidated statements of income. Net interest income earned from trading activities is integral to trading activities and is therefore shown in the table as part of total trading revenue. The following table presents trading revenue by business group.

$ millions	**1996**	1995
Net interest income	$ **193**	$ 45
Non-interest income	**290**	188
Total trading revenue	$ **483**	$ 233
Financial products	$ **175**	$ 50
Global capital markets		
Interest rates	**104**	21
Foreign exchange	**123**	129
Institutional equities	**52**	33
High yield	**29**	—
Total trading revenue	$ **483**	$ 233

12. Post-Retirement Benefits

CIBC provides pension benefits to qualified employees. The benefits in general are based on years of service and compensation near retirement. The funding policy is based on the funding standards of local regulatory authorities which require contributions to provide for the accumulated benefit obligation and current service cost except for certain plans to which contributions are not required and are not tax-deductible.

Assumptions used in determining the net pension expense for CIBC's principal defined benefit plans for the three years included a rate of return on assets of 8.0%, a discount rate on obligations of 8.0%, a rate of increase in future compensation levels averaging 5.0% (5.5% in 1995 and 1994) and an expected average remaining service life of the employee groups of 13 years.

Assets held were principally treasury bills, government bonds, corporate bonds and shares.

The post-retirement life insurance, health and dental care benefits are expensed as incurred and amounted to $5 million in 1996, 1995 and 1994.

The funded status of the principal pension plans and the amounts recognized in CIBC's consolidated balance sheets are as follows:

$ millions	**1996**	1995
Actuarial present value of benefit obligations		
Accumulated benefit obligation		
Vested	**$ 1,176**	$ 1,069
Non-vested	**57**	32
Total accumulated benefit obligation	**$ 1,233**	$ 1,101
Plan assets at market related value	**$ 1,951**	$ 1,685
Projected benefit obligation	**(1,551)**	(1,440)
Funded status	**400**	245
Unrecognized prior service cost	**37**	29
Unrecognized transition net assets	**(8)**	(16)
Unrecognized net experience (gains) losses	**(193)**	(39)
Prepaid pension costs	**$ 236**	$ 219

Pension expense relating to the pension plans reported in employee benefits is analyzed as follows:

	1996	1995	1994
Service cost – benefits earned	**$ 37**	$ 42	$ 37
Interest cost on projected benefit obligation	**118**	111	105
Actual earnings on assets	**(331)**	(141)	(107)
Net amortization and deferral	**193**	(1)	(4)
Net pension expense	**$ 17**	$ 11	$ 31

13. Income Taxes

Income taxes are reported in the applicable consolidated financial statements as follows:

$ millions	1996	1995	1994
Consolidated statements of income			
Income taxes	$ 911	$ 635	$ 550
Consolidated statements of changes in shareholders' equity			
Adjustment for change in accounting policy *(Note 1)*	(71)	—	—
Foreign currency translation adjustment	7	16	(12)
Tax on preferred share dividends	—	—	1
	$ 847	$ 651	$ 539

Components of total income taxes

$ millions	1996	1995	1994
Current income taxes			
Federal	$ 454	$ 346	$ 213
Provincial	170	127	67
Foreign	117	128	134
	741	601	414
Deferred income taxes			
Federal	(29)	(8)	40
Provincial	(7)	(4)	22
Foreign	142	62	63
	106	50	125
	$ 847	$ 651	$ 539

Components of deferred income tax balances

$ millions	1996	1995
Deferred income tax liabilities		
Lease receivables	$ 331	$ 256
Premises and equipment	82	104
Deferred pensions	89	83
Undistributed earnings of foreign subsidiaries	87	61
Securitization receivables	20	32
Unrealized foreign currency translation gains	25	31
Other	4	14
	638	581
Deferred income tax assets		
Allowance for credit losses	222	237
Unearned income	57	64
Investment write-downs	53	77
Tax loss carry forwards	20	44
Reserves	36	23
Other	18	10
	406	455
Deferred income taxes	$ 232	$ 126

Deferred income tax balances are included in other liabilities (note 8) and comprise both assets and liabilities arising from differences in the years in which transactions are recognized for financial statement and income tax reporting purposes.

The combined Canadian federal and provincial income tax rate varies each year according to changes in the statutory rates imposed by each of these jurisdictions and according to changes in the proportion of CIBC's business carried on in each province. CIBC is subject to Canadian taxation on income of foreign branches and earnings of foreign subsidiaries when distributed to Canada.

The effective rates of income tax in the consolidated statements of income are different from the combined Canadian federal and provincial income tax rate of 43.0% (1995: 42.9%; 1994: 42.6%) for the following reasons:

$ millions	1996	1995	1994
Combined Canadian federal and provincial income tax rate applied to income before income taxes	$ 985	$ 713	$ 626
Income taxes adjusted for the effect of:			
Earnings of international subsidiaries	(63)	(68)	(42)
Tax-exempt interest and dividends	(57)	(53)	(58)
Federal large corporations tax	8	11	14
Temporary tax on capital	9	6	—
Earnings of domestic subsidiaries	17	13	12
Other	12	13	(2)
Income taxes in the consolidated statements of income	$ 911	$ 635	$ 550

14. Related Party Transactions

In the ordinary course of business, the parent bank provides normal banking services to its subsidiaries and affiliated companies on terms similar to those offered to non-related parties.

15. Derivative Instruments

In the normal course of business, CIBC enters into various derivative instruments to meet the needs of customers, earn trading income and manage CIBC's exposure to market risk. Derivative instruments will limit, or give rise to varying degrees and types of risk including credit risk and market risk.

CIBC is exposed to the risk of loss resulting from changes in prices of financial instruments in markets in which CIBC participates such as the foreign exchange, interest rate and, to a lesser extent, equity and commodity markets. As derivatives held for trading are recognized at market values, these changes affect reported income as they occur. Derivative instruments held for asset liability management purposes are recognized on an accrual basis.

CIBC's market risk management function is responsible for the measurement, monitoring and control of market risks. CIBC's market risk management framework includes policies, infrastructure and methodologies. Market risk limits are set within risk tolerances established by the Asset Liability Management Committee (ALCO). All off balance sheet activities are conducted within the limits determined by the ALCO.

The interest rate, foreign exchange and other derivative products used by CIBC are as follows:

Interest Rate Products

Forward rate agreements are contracts that effectively fix a future interest rate. The agreement provides that, at a predetermined future date, a cash settlement will be made between the parties for the difference between the contracted rate and a specified current market rate, based on an agreed notional principal amount. No exchange of principal amount takes place.

Interest rate futures are standardized contractual obligations with a specified financial exchange to make or to take delivery of specified quantities of a financial instrument on specified future dates, at a price established on the exchange. These contracts differ from forward contracts in that they are in standard amounts with standard delivery dates and are transacted on an established exchange. They are used to service customer needs and for CIBC's own account and are managed in a similar manner to forward contracts. The credit risk associated with futures contracts is considered nominal as all exposures with the exchanges must be collateralized and the contracts are subject to daily cash margining.

Interest rate swaps are financial transactions in which two counterparties exchange interest rate flows over a period of time on a notional principal amount. CIBC enters into such transactions for purposes of trading, both client-driven and to a lesser extent proprietary, and for its own account to manage CIBC's interest rate exposures.

Purchased interest rate options are contracts in which the right, but not the obligation, is acquired by the option purchaser from the option writer either to buy or sell on a specified future date or within a specified time, a stipulated financial instrument at a stated price. In addition to market risk, a buyer of options is subject to credit risk by relying on the counterparty to perform. CIBC's exposure to credit risk is minimized where options are exchange traded, as those transactions are executed on an established exchange that assumes the obligations of counterparties and generally requires security deposits and daily settlement of margins.

Written interest rate options are contracts in which the writer, for a fee, allows the purchaser the right, but not the obligation to buy or sell on a specified future date or within a specified time, a stipulated financial instrument at a stated price. A writer of options is subject to market risk but not to credit risk.

Foreign Exchange Products

Foreign exchange spot and forward contracts are transactions in which a foreign currency is purchased or sold for delivery currently, in the case of a spot contract, or at a specified future date or within a range of future dates, for a forward contract.

Foreign exchange future contracts are similar in mechanics to forward contracts but differ in that they are in standard amounts with standard delivery dates and are transacted on an established exchange. CIBC's exposure to credit risk is limited, as the exchange assumes the obligations of counterparties and generally requires security deposits and daily settlement of margins.

Swap contracts comprise cross currency swaps and cross currency interest rate swaps. Cross currency swaps are transactions in which a foreign currency is simultaneously purchased in the spot market and sold in the forward market, or vice-versa. Cross currency interest rate swaps are transactions in which counterparties exchange principal and interest flows in different currencies over a period of time. These contracts are used to manage both currency and interest rate exposures.

Spot, forward and swap contracts are undertaken to satisfy customers' requirements and for CIBC's own account to protect against currency fluctuations and to earn income by trading in foreign currencies.

Other Derivative Products

CIBC engages in trading of equity, commodity and credit derivatives including precious metal, energy related and agricultural related products in both over-the-counter and listed exchange markets.

Notional Amounts

The following tables present the notional amounts of derivative instruments as at October 31, 1996 and 1995 by the residual term to contractual maturity and by their purpose as held for trading or held for asset liability management purposes.

The notional amounts are not recorded as assets or liabilities on the balance sheet. Notional amounts of derivative instruments represent the volume of outstanding transactions and do not represent the potential gain or loss associated with market risk or credit risk of such instruments. The notional amounts represent the amount to which a rate or price is applied to determine the amount of cash flows to be exchanged. A significant portion of derivatives activity is undertaken for trading purposes. At October 31, 1996, the notional amount of derivatives held for trading purposes was $1,356.3 billion (1995: $1,113.9 billion) or 96% of total notional amounts. The notional amount of derivatives used for asset liability management purposes was $59.6 billion (1995: $64.7 billion).

Notional Amounts – 1996

$ millions, as at October 31, 1996:	Residual term to contractual maturity Under 3 months	3 - 12 months	1 year through 5 years	Over 5 years	Total notional amounts	Analyzed by use Trading	ALM[1]
Interest rate products							
Over-the-counter							
Forward rate agreements	$ 86,331	$ 145,060	$ 62,060	$ —	$ 293,451	$ 292,385	$ 1,066
Swap contracts	43,458	122,521	224,840	60,660	451,479	407,579	43,900
Purchased options	3,171	11,826	28,444	15,554	58,995	56,416	2,579
Written options	3,776	12,354	30,017	10,811	56,958	56,958	—
	136,736	291,761	345,361	87,025	860,883	813,338	47,545
Exchange traded							
Futures contracts	17,366	49,408	55,626	100	122,500	122,500	—
Purchased options	5,523	—	—	—	5,523	5,523	—
Written options	2,653	—	—	—	2,653	2,653	—
	25,542	49,408	55,626	100	130,676	130,676	—
Total interest rate products	162,278	341,169	400,987	87,125	991,559	944,014	47,545
Foreign exchange products							
Over-the-counter							
Spot and forward contracts	134,670	134,894	9,550	56	279,170	269,011	10,159
Swap contracts	2,815	10,465	24,892	10,492	48,664	46,776	1,888
Purchased options	21,237	13,242	2,247	7	36,733	36,733	—
Written options	21,002	13,254	1,789	25	36,070	36,070	—
	179,724	171,855	38,478	10,580	400,637	388,590	12,047
Exchange traded							
Futures contracts	814	—	—	—	814	814	—
Purchased options	1,451	—	—	—	1,451	1,451	—
Written options	1,206	—	—	—	1,206	1,206	—
	3,471	—	—	—	3,471	3,471	—
Total foreign exchange products	183,195	171,855	38,478	10,580	404,108	392,061	12,047
Other[2]							
Over-the-counter	6,445	3,529	4,559	1,811	16,344	16,344	—
Exchange traded	3,925	—	—	—	3,925	3,925	—
Total other	10,370	3,529	4,559	1,811	20,269	20,269	—
	$ 355,843	$ 516,553	$ 444,024	$ 99,516	$1,415,936	$1,356,344	$ 59,592

(1) ALM: Asset Liability Management.
(2) Includes equity futures, swaps and options; precious metals and other commodity forwards, futures, swaps and options.

15. Derivative Instruments (continued)

Notional Amounts – 1995

$ millions, as at October 31, 1995:	Residual term to contractual maturity: Less than 1 year	1 year through 5 years	Over 5 years	Total notional amounts	Analyzed by use: Trading	ALM[1]
Interest rate products						
Over-the-counter						
Forward rate agreements	$ 167,779	$ 7,635	$ —	$ 175,414	$ 173,068	$ 2,346
Swap contracts	112,648	128,579	32,215	273,442	226,483	46,959
Purchased options	13,122	18,325	6,731	38,178	38,178	—
Written options	9,134	22,283	6,030	37,447	37,447	—
	302,683	176,822	44,976	524,481	475,176	49,305
Exchange traded						
Futures contracts	121,089	107,487	95	228,671	220,226	8,445
Purchased options	20,343	135	—	20,478	20,086	392
Written options	30,625	3,240	—	33,865	33,865	—
	172,057	110,862	95	283,014	274,177	8,837
Total interest rate products	474,740	287,684	45,071	807,495	749,353	58,142
Foreign exchange products						
Over-the-counter						
Spot and forward contracts	262,818	10,856	465	274,139	271,640	2,499
Swap contracts	12,714	16,160	9,250	38,124	34,049	4,075
Purchased options	19,514	2,297	7	21,818	21,818	—
Written options	27,116	761	180	28,057	28,057	—
	322,162	30,074	9,902	362,138	355,564	6,574
Exchange traded						
Futures contracts	286	—	—	286	286	—
Purchased options	810	—	—	810	810	—
Written options	1,061	—	—	1,061	1,061	—
	2,157	—	—	2,157	2,157	—
Total foreign exchange products	324,319	30,074	9,902	364,295	357,721	6,574
Other[2]						
Over-the-counter	5,065	861	5	5,931	5,931	—
Exchange traded	879	12	—	891	891	—
Total other	5,944	873	5	6,822	6,822	—
	$ 805,003	$ 318,631	$ 54,978	$ 1,178,612	$ 1,113,896	$ 64,716

[1] ALM: Asset Liability Management.
[2] Includes equity futures, swaps and options; precious metals and other commodity forwards, futures, swaps and options.

Credit Risk

Derivative instruments expose CIBC to credit risk. Credit risk arises from the potential for a counterparty to default on its contractual obligations. CIBC is exposed to the risk that, in the event of counterparty default, prevailing market conditions are such that CIBC would incur a loss in replacing the defaulted transaction. The risk is managed within CIBC's overall credit risk management framework. CIBC limits the credit risk of derivatives traded over-the-counter by dealing with counterparties that are creditworthy and by actively pursuing risk mitigation opportunities through the use of multi-product master netting agreements, collateral and other credit mitigation techniques. For exchange traded products, exposure to credit risk is limited as these transactions are standardized contracts executed on established exchanges and are subject to daily settlement of variation margins.

Written options have no credit risk as the counterparty has already performed in accordance with the terms of the contract through an upfront payment of the premium.

The following table summarizes the credit exposure of CIBC arising from derivative instruments. The current replacement cost is the estimated cost of replacement of all contracts which have a positive market value representing an unrealized gain to CIBC. The replacement cost is dependent upon its terms relative to prevailing market prices and will fluctuate as market prices change and as the derivative approaches its scheduled maturity.

The potential credit exposure is an estimate of the amount that the current replacement cost could increase over the remaining term of each transaction, based on a formula prescribed by the Office of the Superintendent of Financial Institutions (OSFI). The credit equivalent amount is the sum of the current replacement cost and the potential credit exposure. OSFI prescribes a standard measure of counterparty credit risk to be applied to the credit equivalent amount to arrive at the risk weighted amount. This is used in determining the regulatory capital requirements for derivatives.

CIBC negotiates master netting agreements with all counterparties with which it has significant credit risk through derivatives activities. Such agreements provide for the simultaneous close out and netting of all transactions with a counterparty in an event of default. An increasing number of these agreements also provides for the exchange of collateral between parties in the event that the mark to market value of outstanding transactions between the parties exceeds an agreed threshold. Such agreements are used both to accommodate business with less creditworthy counterparties as well as to help contain the build up of credit exposure resulting from multiple deals with more active counterparties.

Credit risk

	1996					1995		
	Current replacement cost			Credit equivalent	Risk weighted	Current replacement	Credit equivalent	Risk weighted
$ millions, as at October 31:	Trading	ALM[1]	Total	amount	amount	cost	amount	amount
Interest rate products								
Forward rate agreements	$ 281	$ —	$ 281	$ 591	$ 124	$ 52	$ 90	$ 18
Swap contracts	6,259	1,090	7,349	9,146	2,189	3,747	4,873	1,277
Purchased options	660	19	679	1,191	337	396	589	162
	7,200	1,109	8,309	10,928	2,650	4,195	5,552	1,457
Foreign exchange products								
Foreign exchange contracts	3,062	52	3,114	5,690	1,486	3,171	5,969	1,720
Swap contracts	1,870	289	2,159	4,324	1,248	2,097	3,726	818
Purchased options	615	—	615	1,073	294	503	813	209
	5,547	341	5,888	11,087	3,028	5,771	10,508	2,747
Other	567	—	567	1,781	625	141	364	161
	$ 13,314	$ 1,450	$ 14,764	$ 23,796	$ 6,303	$ 10,107	$ 16,424	$ 4,365
Less impact of master netting agreements			(4,453)	(6,066)	(1,447)			
			$ 10,311	$ 17,730	$ 4,856			

[1] ALM: Asset Liability Management

Futures contracts and some purchased options are traded through established exchanges and are subject to daily margin requirements; accordingly, they are deemed to have no credit risk. Options written by CIBC also have no credit risk as CIBC has already collected its income from these transactions.

16. Credit Related Arrangements

Credit related arrangements are off balance sheet instruments and are typically entered into to meet the short-term financing needs of customers or to facilitate international trade. CIBC's policy of requiring collateral or other security to support credit related arrangements and the types of security held is generally the same as for loans. The contract amounts shown for credit related arrangements represent the maximum amount of additional credit that CIBC could be obligated to extend. The contract amounts also represent the credit risk amounts should the contracts be fully drawn down, the counterparties default and any collateral held prove to be of no value. As many of these arrangements will expire or terminate without being drawn upon, the contract amounts are not necessarily indicative of future cash requirements or credit risk.

	Contract amounts	
$ millions	**1996**	1995
Lines of credit[1]	**$ 92,679**	$ 80,874
Direct credit substitutes	**18,751**	11,307
Transaction-related contingencies	**2,135**	2,457
Documentary letters of credit	**444**	591
Other[2]	**1,509**	1,151
	$115,518	$ 96,380

(1) Includes irrevocable lines of credit totalling $64,158 million (1995: $54,931 million), of which $30,965 million (1995: $27,210 million) will expire in one year or less, and excludes lines of credit for credit cards as the lines are short-term in nature and are revocable at CIBC's discretion.
(2) Includes forward asset purchases.

Lines of credit are undrawn lending facilities that have been approved by CIBC to meet the business requirements of customers. The majority of such commitments are of a general nature with annual review provisions and/or various conditions for drawdown. A limited number provide for drawdown over an extended period of time; these commitments are considered binding arrangements. In practice, many of these commitments will remain undrawn. The credit risk associated with undrawn lending facilities arises from the possibility that a commitment may be drawn down as a loan. Therefore, a lending commitment is subject to the same credit review process as a loan. The amount of collateral obtained, if deemed necessary by CIBC, is based on management's credit evaluation of the borrower and may include a charge over present and future assets of the borrower.

Direct credit substitutes include guarantees or equivalent instruments, such as standby letters of credit, which back financial obligations of the customer. Guarantees and standby letters of credit are undertakings given by CIBC on behalf of a customer, subject to certain conditions. Provided the conditions are satisfied, CIBC guarantees payment if the customer is unable to meet the obligation as specified. In most instances, customers meet their obligations and CIBC is only at risk when a customer defaults on payment. Also included as direct credit substitutes are securities lent against collateral amounting to $4,384 million and $3,414 million as at October 31, 1996 and 1995, respectively. The credit risk associated with direct credit substitutes is essentially the same as that involved in extending loan commitments to customers. The amount of collateral obtained, if deemed necessary by CIBC, is based on management's credit evaluation of the borrower and may include a charge over present and future assets of the borrower.

Transaction-related contingencies are guarantees which back particular performance obligations rather than customers' financial obligations. Examples of transaction related contingencies are performance bonds, warranties and indemnities.

Documentary letters of credit are short-term instruments used to facilitate international trade typically on behalf of an importer, and allow a third party such as an exporter, to draw drafts on CIBC up to a specified amount, subject to specific terms and conditions. These instruments effectively guarantee that the third party receives payment and CIBC is at risk for any drafts drawn that are not ultimately settled by the customer. These amounts are collateralized by the underlying shipments of goods to which they relate.

17. Concentration of Credit Risk

Concentrations of credit exposure may arise with a group of counterparties which have similar economic characteristics or that are located in the same geographic region. The ability of such counterparties to meet contractual obligations would be similarly affected by changing economic, political or other conditions. The amounts of credit exposure associated with CIBC's on and off balance sheet financial instruments including such concentrations of credit exposure by ultimate risk are summarized below.

On Balance Sheet Financial Instruments

As at September 30, 1996, $126.5 billion or 64% of major assets were located in Canada and $40.3 billion or 20% of major assets were located in the United States. No other country represents more than 3% of major assets.

Of $142.6 billion in net loans and acceptances as at October 31, 1996, 69% was to borrowers in Canada, 25% to borrowers in the United States and 6% to borrowers in other countries. No industry segment accounted for more than 12% of total loans.

Credit Related Arrangements

Of the $115.5 billion of off balance sheet credit related arrangements as at October 31, 1996, approximately 50% related to Canada, 43% related to the United States and 5% related to Europe.

Included in these credit instruments were commitments to extend credit totalling $92.7 billion of which 44% related to Canada and 48% related to the United States.

Derivative Instruments

The following table summarizes the credit concentration of CIBC arising from derivative instruments. Most of CIBC's credit concentration on derivatives is with financial institutions. The table also indicates the proportion of credit exposure on derivatives classified as investment or non-investment grade. Concentrations classified as investment grade reflect counterparty risk ratings of BBB or better. Those classified as non-investment grade reflect counterparty risk ratings of BB or lower.

Credit Concentration of Derivatives

	Canada Current replacement cost		United States Current replacement cost		Other countries Current replacement cost		Total Current replacement cost	
$ millions, as at October 31, 1996:	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Investment grade	$ 3,230	$ 2,766	$ 3,298	$ 1,954	$ 7,618	$ 5,132	$ 14,146	$ 9,852
Non-investment grade	194	194	187	127	237	138	618	459
Total credit risk	$ 3,424	$ 2,960	$ 3,485	$ 2,081	$ 7,855	$ 5,270	$ 14,764	$ 10,311
By counterparty type:								
Governments	$ 657	$ 610	$ —	$ —	$ 38	$ 36	$ 695	$ 646
Financial institutions	1,533	1,154	2,148	1,240	6,961	4,424	10,642	6,818
Other	1,234	1,196	1,337	841	856	810	3,427	2,847
Total credit risk	$ 3,424	$ 2,960	$ 3,485	$ 2,081	$ 7,855	$ 5,270	$ 14,764	$ 10,311

Gross current replacement cost represents the current mark to market value, if positive, of outstanding derivatives without consideration for any derivatives with negative mark to market. Net current replacement cost represents the current mark to market value, if positive, of outstanding derivatives reduced (but not below zero) by the negative mark to market value of derivatives with the same counterparty provided that there exists a legally enforceable netting agreement for that counterparty.

18. Fair Value of Financial Instruments

The following tables present the fair value of on and off balance sheet financial instruments of CIBC based on the valuation methods and assumptions as set out below.

Fair value represents the amount at which a financial instrument could be exchanged in an arm's length transaction between willing parties under no compulsion to act and best evidenced by a quoted market price, if one exists.

Quoted market prices are not available for a significant portion of CIBC's financial instruments. Consequently, the fair values presented are estimates derived using present value or other valuation techniques and may not be indicative of the net realizable value.

The fair values disclosed exclude the values of assets and liabilities that are not considered financial instruments such as land, buildings, and equipment. In addition, items such as the value of intangible assets such as customer relationships and leases, which, in management's opinion add significant value to CIBC, are not included in the disclosures below.

Due to the judgment used in applying a wide range of acceptable valuation techniques and estimations in calculating fair value amounts, fair values are not necessarily comparable among financial institutions. The calculation of estimated fair values is based on market conditions at a specific point in time and may not be reflective of future fair values.

Fair Value of Financial Instruments

$ millions	1996 Book value	1996 Fair value	1996 Fair value over book value	1995 Book value	1995 Fair value	1995 Fair value over book value
Assets						
Cash resources	$ 8,120	$ 8,120	$ —	$ 15,419	$ 15,419	$ —
Securities	39,817	40,138	321	38,255	38,359	104
Loans	133,818	134,908	1,090	110,121	110,377	256
Acceptances	8,733	8,733	—	8,315	8,315	—
Other	2,086	2,086	—	1,588	1,588	—
Liabilities						
Deposits	127,421	128,331	910	129,482	129,992	510
Acceptances	8,733	8,733	—	8,315	8,315	—
Obligations related to securities sold short	12,825	12,825	—	10,436	10,436	—
Obligations related to securities sold under repurchase agreements	29,082	29,082	—	11,775	11,775	—
Other liabilities	3,160	3,160	—	3,031	3,031	—
Debentures	3,892	4,346	454	3,671	3,895	224
Derivative financial instruments – net assets	1,037	1,658	621	1,166	1,332	166

Derivative Financial Instruments

$ millions	1996 Fair value Positive	1996 Fair value Negative	1996 Fair value Net	1995 Fair value Net
Held for trading purposes				
Interest rate products				
Forward rate agreements	$ 281	$ 268	$ 13	$ (3)
Futures contracts	—	—	—	—
Swap contracts	6,259	5,833	426	586
Purchased options	660	—	660	393
Written options	—	630	(630)	(499)
Total interest rate products	7,200	6,731	469	477
Foreign exchange products				
Spot and forward contracts	3,062	2,728	334	36
Futures contracts	—	—	—	—
Swap contracts	1,870	1,820	50	324
Purchased options	615	—	615	503
Written options	—	577	(577)	(204)
Total foreign exchange products	5,547	5,125	422	659
Other	567	644	(77)	(64)
Total held for trading	13,314	12,500	814	1,072
Held for asset liability management purposes				
Interest rate products				
Forward rate agreements	—	1	(1)	(2)
Futures contracts	—	—	—	—
Swap contracts	1,090	443	647	208
Purchased options	19	—	19	3
Written options	—	—	—	—
Total interest rate products	1,109	444	665	209
Foreign exchange products				
Spot and forward contracts	52	52	—	12
Futures contracts	—	—	—	—
Swap contracts	289	110	179	39
Purchased options	—	—	—	—
Written options	—	—	—	—
Total foreign exchange products	341	162	179	51
Total held for asset liability management	1,450	606	844	260
Total fair value	14,764	13,106	1,658	1,332
Less impact of master netting agreements	(4,453)	(4,453)	—	—
	$ 10,311	$ 8,653	$ 1,658	$ 1,332
Average fair values of derivatives held for trading				
Interest rate products	$ 5,286	$ 4,792	$ 494	$ na
Foreign exchange products	5,831	5,138	693	na
Other	224	321	(97)	na
	$ 11,341	$ 10,251	$ 1,090	$ na

na – not available

Methods and Assumptions – On Balance Sheet Financial Instruments

Financial instruments valued at carrying value – Due to their short-term maturity, the carrying values of certain on balance sheet financial instruments are assumed to approximate their fair values. These include cash resources, customers' liability under acceptances, other assets, acceptances, obligations related to securities sold short, obligations related to assets sold under repurchase agreements, and other liabilities.

Securities – The estimated fair values of securities are detailed in note 3 and are based on quoted market prices, when available; otherwise, fair values are estimated using quoted market prices of similar securities.

Loans – The estimated fair values for performing variable rate loans that reprice frequently are assumed to be equal to the carrying values. The fair values of other loans are estimated using a discounted cash flow calculation that uses market interest rates currently charged for loans with similar terms and credit risks.

Deposit liabilities – The fair values of floating rate deposits are assumed to be equal to their carrying values. The estimated fair values of fixed rate deposits are determined by discounting the contractual cash flows, using market interest rates currently offered for deposits of similar terms.

Debentures – The fair values are determined by reference to current market prices for the same or similar debt.

Methods and Assumptions – Off Balance Sheet Financial Instruments

Derivative instruments – The fair values of derivatives are based on quoted market prices or dealer quotes when available. Otherwise, fair values are estimated on the basis of pricing models, quoted prices of instruments with similar characteristics, or discounted cash flows.

Credit related arrangements – The commitments to extend credit are primarily variable rate and, therefore, do not expose CIBC to interest rate risk.

19. Commitments and Contingent Liabilities

Long-Term Commitments for Leases

CIBC has obligations under long-term non-cancellable leases for buildings and equipment. Future minimum lease payments for such commitments for each of the five succeeding years and thereafter are as follows:

$ millions	
1997	$ 176
1998	$ 155
1999	$ 133
2000	$ 115
2001	$ 105
2002 and thereafter	$ 862

Total rental expense in respect of buildings and equipment charged to the consolidated statements of income was $283 million (1995: $274 million; 1994: $287 million).

Other Commitments and Contingent Liabilities

In the ordinary course of business, securities and other assets are pledged against liabilities. The following table presents the details of assets pledged:

$ millions	**1996**	1995
Bank of Canada[1]	**$ 50**	$ 45
Foreign governments and central banks[1]	**741**	825
Clearing systems, payment systems and depositories[1]	**171**	316
Margins for exchange traded futures and options, and collateralized derivative transactions	**236**	108
Collateral related to securities sold short and securities sold under repurchase agreements	**43,683**	22,862
	$ 44,881	$ 24,156

[1] Includes assets pledged in order to participate in clearing and payment systems and depositories or to have access to the facilities of central banks in foreign jurisdictions.

Various actions and legal proceedings arising from the normal course of business are pending against the parent bank and its subsidiaries. Management of CIBC considers the aggregate liability, if any, of these actions and proceedings to be immaterial.

20. Segmented Information

CIBC operates in one industry – the financial services industry. The information presented below is compiled for regulatory purposes and reported on a calendar quarterly basis with the exception of the geographic distribution of net income which is for the years ended October 31, 1996, 1995 and 1994.

Geographic Distribution of Major Assets[1] in all Currencies by Location of Ultimate Risk

$ millions, as at September 30:		1996		1995
Canada	**$ 126,454**	**64.2%**	$ 120,735	72.9%
United States	**40,310**	**20.4**	20,886	12.6
Europe				
United Kingdom	**4,786**	**2.4**	3,227	2.0
France	**1,783**	**0.9**	1,202	0.7
Germany	**1,550**	**0.8**	1,386	0.8
Other European countries	**3,649**	**1.9**	2,670	1.6
	11,768	**6.0**	8,485	5.1
Latin America and West Indies	**3,171**	**1.6**	2,788	1.7
Asia and Pacific				
Japan	**2,665**	**1.4**	2,270	1.4
Hong Kong	**1,671**	**0.8**	1,578	0.9
Australia	**533**	**0.3**	654	0.4
Other Asian and Pacific countries	**2,367**	**1.2**	1,119	0.7
	7,236	**3.7**	5,621	3.4
Middle East and Africa	**206**	**0.1**	145	0.1
General allowance	**(400)**	**(0.2)**	(372)	(0.2)
Major assets	**188,745**	**95.8**	158,288	95.6
Other assets	**8,197**	**4.2**	7,343	4.4
Total assets as at September 30	**$ 196,942**	**100.0%**	$ 165,631	100.0%
Total assets as at September 30	**$ 196,942**		$ 165,631	
Net change in October	**2,099**		13,613	
Total assets as at October 31	**$ 199,041**		$ 179,244	
Canadian currency	**$ 120,129**	**60.4%**	$ 117,677	65.7%
Foreign currencies	**$ 78,912**	**39.6%**	$ 61,567	34.3%

(1) Major assets consist of loans, securities, deposits with other banks, customers' liability under acceptances and cash, after deduction of specific allowances for credit losses.

20. Segmented Information (continued)

Geographic Distribution of Net Income

$ millions, for the years ended October 31:	Canada			United States			Other countries		
	1996	1995	1994	**1996**	1995	1994	**1996**	1995	1994
Net interest income	**$ 3,726**	$3,422	$3,427	**$ 433**	$ 329	$ 280	**$ 490**	$ 358	$ 295
Provision for credit losses	**465**	546	758	**(24)**	64	103	**39**	70	19
Non-interest income	**2,187**	1,837	1,765	**301**	172	195	**218**	214	292
Non-interest expenses	**3,783**	3,426	3,440	**402**	242	223	**399**	323	244
Net income before income taxes	**1,665**	1,287	994	**356**	195	149	**270**	179	324
Provision for income taxes	**667**	526	386	**175**	96	74	**69**	13	90
Non-controlling interests in net income of subsidiaries	**2**	1	23	**1**	—	—	**11**	10	4
Net income	**$ 996**	$ 760	$ 585	**$ 180**	$ 99	$ 75	**$ 190**	$ 156	$ 230

21. Reconciliation of Canadian and United States Generally Accepted Accounting Principles

The consolidated financial statements of CIBC are prepared in accordance with Canadian generally accepted accounting principles, including the accounting requirements of the Superintendent of Financial Institutions Canada (Canadian GAAP). These principles conform, in all material respects, with generally accepted accounting principles in the United States (U.S. GAAP), except as described below.

Consolidated Balance Sheets

There are no material differences, as at October 31, 1996 and 1995, between assets and liabilities as reported in the consolidated balance sheets prepared under Canadian GAAP and those amounts which would be reported under U.S. GAAP, except for the effects of the requirements of Statement of Financial Accounting Standards (SFAS) 115 "Accounting for Certain Investments on Debt and Equity Securities" and Financial Accounting Standards Board (FASB) Interpretation 39 "Offsetting of Amounts Related to Certain Contracts."

Under Canadian GAAP, securities classified by CIBC as held for investment are carried at either cost or amortized cost. Under U.S. GAAP these securities would be classified as available for sale and reported at estimated fair value with unrealized gains and losses excluded from earnings and reported as a separate component of shareholders' equity.

Had CIBC reported such securities in accordance with U.S. GAAP, securities would have increased by $321 million (1995 – $104 million) and deferred income taxes (included in other liabilities) would have increased by $138 million (1995 – $45 million). The after-tax net unrealized gain of $183 million (1995 – $59 million) would have been reported as a separate component of shareholders' equity.

Under FASB Interpretation 39, assets and liabilities should not be offset on the balance sheet unless specific criteria are met. The most significant impact of this requirement is that market revaluations of off balance sheet items currently netted by contract type would be shown gross, except that market revaluations on contracts with the same counterparty would be permitted to be netted if the contracts are executed under legally enforceable master netting agreements.

Had CIBC reported the market revaluations in accordance with U.S. GAAP, both assets and liabilities would increase by $11.2 billion (1995 – $7.3 billion).

96 no Is diff

no SE diff

Consolidated Statements of Income

Revenue and expenses reported in the consolidated statements of income are generally classified in the same manner as under U.S. GAAP except that gains, losses and write-downs on securities would be reported in other income under U.S. GAAP. These amounts are included in interest income under Canadian GAAP. There are no differences between Canadian and U.S. GAAP which would have a material impact on the consolidated statements of income.

While SFAS 114 and 118 "Accounting by Creditors for Impairment of a Loan" are similar in content to CICA 3025 described in note 1, the initial impact of adopting any accounting standard must be charged to earnings in the current year under U.S. GAAP. As a result, net income for the year ended October 31, 1996 would decrease by $94 million after-tax and retained earnings as at November 1, 1995 would increase by the same amount under U.S. GAAP.

Consolidated Statements of Changes in Shareholders' Equity

There are no material differences between the consolidated statements of shareholders' equity as reported under Canadian GAAP and as reported under U.S. GAAP, except for the after-tax net unrealized gain on securities, in accordance with SFAS 115, and the effect of the implementation of SFAS 114 and 118, as described above.

Consolidated Statements of Changes in Financial Position

There are no material differences between the consolidated statements of changes in financial position as reported under Canadian GAAP for the years ended October 31, 1996, 1995 and 1994 and as would be reported under U.S. GAAP.

Average Balance Sheet, Net Interest Income and Margin

Taxable equivalent basis	Average balance			Interest			Average rate		
$ millions	**1996**	1995	1994	**1996**	1995	1994	**1996**	1995	1994
Domestic assets[1]									
Cash resources	**$ 1,368**	$ 1,356	$ 1,558	**$ 30**	$ 36	$ 22	**2.19%**	2.65%	1.41%
Securities									
Held for investment	**12,828**	12,380	11,848	**932**	1,011	722	**7.27**	8.17	6.09
Held for trading	**14,559**	12,209	10,815	**661**	386	421	**4.54**	3.16	3.89
Loans									
Residential mortgages	**35,272**	32,699	30,152	**2,820**	2,802	2,514	**8.00**	8.57	8.34
Personal and credit card loans	**18,927**	17,149	15,145	**1,866**	1,846	1,453	**9.86**	10.76	9.59
Business and government loans	**23,680**	25,077	26,627	**2,028**	2,202	1,885	**8.56**	8.78	7.08
Securities purchased under resale agreements	**8,387**	3,579	3,981	**544**	169	49	**6.49**	4.72	1.23
Total loans	**86,266**	78,504	75,905	**7,258**	7,019	5,901	**8.41**	8.94	7.77
Other interest-bearing assets	**337**	288	293	**12**	11	7	**3.56**	3.82	2.39
Customers' liability under acceptances	**8,563**	7,953	6,722						
Land, buildings and equipment	**1,869**	1,879	1,849						
Other non-interest-bearing assets	**1,719**	3,074	2,755						
	127,509	117,643	111,745	**8,893**	8,463	7,073	**6.97**	7.19	6.33
Foreign assets[1]									
Cash resources	**9,795**	7,593	7,281	**493**	424	309	**5.03**	5.58	4.24
Securities									
Held for investment	**6,087**	4,296	3,648	**376**	273	278	**6.18**	6.35	7.62
Held for trading	**6,797**	3,555	2,347	**282**	197	97	**4.15**	5.54	4.13
Loans									
Residential mortgages	**377**	319	564	**36**	31	60	**9.55**	9.72	10.64
Personal and credit card loans	**449**	366	366	**62**	49	42	**13.81**	13.39	11.48
Business and government loans	**20,023**	18,727	20,692	**1,418**	1,436	1,190	**7.08**	7.67	5.75
Securities purchased under resale agreements	**12,039**	3,803	977	**705**	213	48	**5.86**	5.60	4.91
Total loans	**32,888**	23,215	22,599	**2,221**	1,729	1,340	**6.75**	7.45	5.93
Other interest-bearing assets	**674**	411	507	**11**	16	14	**1.63**	3.89	2.76
Customers' liability under acceptances	**120**	138	275						
Land, buildings and equipment	**129**	129	127						
Other non-interest-bearing assets	**2,734**	1,172	531						
	59,224	40,509	37,315	**3,383**	2,639	2,038	**5.71**	6.51	5.46
Total assets	**$186,733**	$158,152	$149,060	**$12,276**	$11,102	$9,111	**6.57%**	7.02%	6.11%
Additional disclosures: Tax exempt securities (included in total securities)	**$ 1,129**	$ 1,358	$ 1,696	**$ 121**	$ 180	$ 203	**10.72%**	13.25%	11.97%

Average Balance Sheet, Net Interest Income and Margin

Taxable equivalent basis	Average balance			Interest			Average rate		
$ millions	**1996**	1995	1994	**1996**	1995	1994	**1996**	1995	1994
Domestic liabilities[1]									
Deposits									
Individuals	**$ 58,306**	$ 56,580	$ 54,970	**$ 2,482**	$2,846	$2,142	**4.26%**	5.03%	3.90%
Businesses and governments	**25,264**	20,820	18,002	**937**	1,025	605	**3.71**	4.92	3.36
Banks	**2,524**	510	636	**127**	33	27	**5.03**	6.46	4.24
Total deposits	**86,094**	77,910	73,608	**3,546**	3,904	2,774	**4.12**	5.01	3.77
Acceptances	**8,563**	7,953	6,722						
Obligations related to securities sold short	**6,660**	601	319	**284**	10	2	**4.26**	1.66	0.63
Obligations related to securities sold under repurchase agreements	**6,409**	867	229	**444**	16	4	**6.93**	1.85	1.75
Other liabilities	**4,171**	2,916	1,787	**21**			**0.50**		
Non-controlling interests in subsidiaries	**2**	—	52						
Debentures	**2,135**	1,694	1,323	**207**	175	141	**9.70**	10.33	10.66
	114,034	91,941	84,040	**4,502**	4,105	2,921	**3.95**	4.46	3.48
Foreign liabilities[1]									
Deposits									
Individuals	**3,065**	2,841	2,726	**150**	157	118	**4.89**	5.54	4.35
Businesses and governments	**18,618**	17,103	18,566	**875**	971	769	**4.70**	5.68	4.14
Banks	**20,711**	20,793	21,354	**1,039**	1,183	980	**5.02**	5.69	4.59
Total deposits	**42,394**	40,737	42,646	**2,064**	2,311	1,867	**4.87**	5.67	4.38
Acceptances	**120**	138	275						
Obligations related to securities sold short	**4,767**	6,646	6,048	**108**	119	47	**2.27**	1.79	0.78
Obligations related to securities sold under repurchase agreements	**13,044**	5,889	3,256	**749**	232	62	**5.74**	3.94	1.90
Other liabilities	**1,665**	2,156	2,515						
Non-controlling interests in subsidiaries	**63**	46	18						
Debentures	**1,779**	2,097	1,956	**100**	131	107	**5.62**	6.25	5.47
	63,832	57,709	56,714	**3,021**	2,793	2,083	**4.73**	4.84	3.67
Total liabilities	**177,866**	149,650	140,754	**7,523**	6,898	5,004	**4.23**	4.61	3.56
Shareholders' equity	**8,867**	8,502	8,306						
Liabilities and shareholders' equity	**$186,733**	$158,152	$149,060	**$ 7,523**	$6,898	$5,004	**4.03%**	4.36%	3.36%
Net interest income and margin				**$ 4,753**	$4,204	$4,107	**2.55%**	2.66%	2.75%
Additional disclosures:									
Non-interest-bearing demand deposits									
Domestic	**$ 4,216**	$ 4,283	$ 4,337						
Foreign	**$ 662**	$ 637	$ 565						

[1] Classification as domestic or foreign is based on domicile of debtor or customer.

Volume/Rate Analysis of Changes in Net Interest Income

Taxable equivalent basis	1996/1995 Increase (decrease) due to change in:			1995/1994 Increase (decrease) due to change in:		
$ millions	Average balance	Average rate	Total	Average balance	Average rate	Total
Domestic assets[1]						
Cash resources	$ —	$ (6)	$ (6)	$ (3)	$ 17	$ 14
Securities						
Held for investment	37	(116)	(79)	32	257	289
Held for trading	74	201	275	54	(89)	(35)
Loans						
Residential mortgages	220	(202)	18	212	76	288
Personal and credit card loans	191	(171)	20	192	201	393
Business and government loans	(123)	(51)	(174)	(110)	427	317
Securities purchased under resale agreements	227	148	375	(5)	125	120
Total loans	515	(276)	239	289	829	1,118
Other interest-bearing assets	2	(1)	1	—	4	4
Change in domestic interest income	628	(198)	430	372	1,018	1,390
Foreign assets[1]						
Cash resources	123	(54)	69	13	102	115
Securities						
Held for investment	114	(11)	103	49	(54)	(5)
Held for trading	180	(95)	85	50	50	100
Loans						
Residential mortgages	6	(1)	5	(26)	(3)	(29)
Personal and credit card loans	11	2	13	—	7	7
Business and government loans	99	(117)	(18)	(113)	359	246
Securities purchased under resale agreements	461	31	492	139	26	165
Total loans	577	(85)	492	—	389	389
Other interest-bearing assets	10	(15)	(5)	(3)	5	2
Change in foreign interest income	1,004	(260)	744	109	492	601
Total change in interest income	$ 1,632	$ (458)	$ 1,174	$ 481	$ 1,510	$ 1,991
Additional disclosures:						
Tax-exempt securities (included in total securities)	$ (30)	$ (29)	$ (59)	$ (40)	$ 17	$ (23)

Volume/Rate Analysis of Changes in Net Interest Income

Taxable equivalent basis	1996/1995 Increase (decrease) due to change in:			1995/1994 Increase (decrease) due to change in:		
$ millions	Average balance	Average rate	Total	Average balance	Average rate	Total
Domestic liabilities[1]						
Deposits						
Individuals	$ 87	$ (451)	$ (364)	$ 63	$ 641	$ 704
Businesses and governments	219	(307)	(88)	95	325	420
Banks	130	(36)	94	(5)	11	6
Total deposits	436	(794)	(358)	153	977	1,130
Obligations related to securities sold short	101	173	274	2	6	8
Obligations related to securities sold under repurchase agreements	102	326	428	11	1	12
Other liabilities	21	—	21	—	—	—
Debentures	46	(14)	32	40	(6)	34
Change in domestic interest expense	706	(309)	397	206	978	1,184
Foreign liabilities[1]						
Deposits						
Individuals	12	(19)	(7)	5	34	39
Businesses and governments	86	(182)	(96)	(61)	263	202
Banks	(5)	(139)	(144)	(26)	229	203
Total deposits	93	(340)	(247)	(82)	526	444
Obligations related to securities sold short	(34)	23	(11)	5	67	72
Obligations related to securities sold under repurchase agreements	282	235	517	50	120	170
Other liabilities	—	—	—	—	—	—
Debentures	(20)	(11)	(31)	8	16	24
Change in foreign interest expense	321	(93)	228	(19)	729	710
Total change in interest expense	$ 1,027	$ (402)	$ 625	$ 187	$ 1,707	$ 1,894
Change in total net interest income	$ 605	$ (56)	$ 549	$ 294	$ (197)	$ 97

[1] Classification as domestic or foreign is based on domicile of debtor or customer.

Analysis of Net Loans and Acceptances

$ millions	1996	1995	1994	1993	1992
Canada[1]					
Residential mortgages	$ 36,506	$ 34,313	$ 31,934	$ 29,281	$ 27,268
Personal loans	14,918	13,828	12,833	11,323	11,297
Credit card loans	4,660	4,324	3,614	2,901	2,418
Total consumer loans	56,084	52,465	48,381	43,505	40,983
Non-residential mortgages	2,722	2,977	3,137	3,164	3,088
Trades and services	10,126	10,206	9,203	9,869	10,251
Manufacturing	6,220	5,766	5,629	5,266	5,029
Real estate	3,241	3,786	4,271	5,355	6,038
Agriculture	1,934	1,827	1,651	1,552	1,490
Natural resources	2,940	3,129	3,171	2,926	3,638
Transportation and communications	2,734	2,534	3,107	2,390	2,555
Other	1,941	2,094	1,862	1,747	2,175
Total business and government loans, including acceptances	31,858	32,319	32,031	32,269	34,264
Securities purchased under resale agreements	10,250	7,037	4,652	5,012	2,298
Total Canada	$ 98,192	$ 91,821	$ 85,064	$ 80,786	$ 77,545

$ millions	1996	1995	1994	1993	1992
United States[1]					
Residential mortgages	$ 46	$ 46	$ 41	$ 36	$ 41
Personal loans	6	3	3	32	37
Credit card loans	—	—	—	—	—
Total consumer loans	52	49	44	68	78
Non-residential mortgages	—	—	—	—	—
Trades and services	3,597	2,783	2,309	2,536	2,493
Manufacturing	3,609	2,362	2,615	2,498	2,016
Real estate	1,475	1,959	2,485	2,706	3,446
Agriculture	184	72	32	9	60
Natural resources	632	677	827	1,028	799
Transportation and communications	5,015	4,805	5,044	4,497	4,222
Other	547	430	598	466	335
Total business and government loans, including acceptances	15,059	13,088	13,910	13,740	13,371
Securities purchased under resale agreements	20,511	7,129	1,932	112	—
Total United States	$ 35,622	$ 20,266	$ 15,886	$ 13,920	$ 13,449

[1] Classification by country is based on domicile of debtor or customer.

Analysis of Net Loans and Acceptances (continued)

$ millions	1996	1995	1994	1993	1992
Other countries[1]					
Residential mortgages	**$ 337**	$ 300	$ 250	$ 1,403	$ 1,618
Personal loans	**378**	372	357	394	566
Credit card loans	**18**	10	—	—	—
Total consumer loans	**733**	682	607	1,797	2,184
Non-residential mortgages	**61**	48	33	31	31
Trades and services	**2,689**	2,537	2,263	3,247	3,289
Manufacturing	**1,359**	880	773	1,059	1,132
Real estate	**439**	565	1,093	1,277	1,227
Agriculture	**15**	11	12	11	12
Natural resources	**592**	653	560	999	811
Transportation and communications	**1,163**	892	741	641	375
Other	**313**	324	415	732	1,067
Total business and government loans, including acceptances	**6,631**	5,910	5,890	7,997	7,944
Securities purchased under resale agreements	**1,773**	7	—	—	—
Total other countries	**$ 9,137**	$ 6,599	$ 6,497	$ 9,794	$ 10,128

$ millions	1996	1995	1994	1993	1992
Total					
Residential mortgages	**$ 36,889**	$ 34,659	$ 32,225	$ 30,720	$ 28,927
Personal loans	**15,302**	14,203	13,193	11,749	11,900
Credit card loans	**4,678**	4,334	3,614	2,901	2,418
Total consumer loans	**56,869**	53,196	49,032	45,370	43,245
Non-residential mortgages	**2,783**	3,025	3,170	3,195	3,119
Trades and services	**16,412**	15,526	13,775	15,652	16,033
Manufacturing	**11,188**	9,008	9,017	8,823	8,177
Real estate	**5,155**	6,310	7,849	9,338	10,711
Agriculture	**2,133**	1,910	1,695	1,572	1,562
Natural resources	**4,164**	4,459	4,558	4,953	5,248
Transportation and communications	**8,912**	8,231	8,892	7,528	7,152
Other	**2,801**	2,848	2,875	2,945	3,577
Total business and government loans, including acceptances	**53,548**	51,317	51,831	54,006	55,579
Securities purchased under resale agreements	**32,534**	14,173	6,584	5,124	2,298
General allowance	**(400)**	(250)	(250)	(250)	(150)
Total net loans and acceptances	**$ 142,551**	$ 118,436	$ 107,197	$ 104,250	$ 100,972

[1] Classification by country is based on domicile of debtor or customer.

Gross Impaired Loans and Other Past Due Loans

$ millions	1996	1995	1994	1993	1992
Canada[1]					
Residential mortgages	$ 207	$ 211	$ 227	$ 214	$ 206
Personal loans	224	168	170	178	241
Credit card loans	—	75	65	66	72
Total consumer loans	431	454	462	458	519
Non-residential mortgages	121	146	155	137	95
Trades and services	216	270	280	329	334
Manufacturing	101	152	169	222	144
Real estate	526	812	796	1,027	901
Agriculture	16	16	21	31	51
Natural resources	7	8	14	24	20
Transportation and communications	29	18	9	77	109
Other	15	15	18	11	9
Total business and government loans	1,031	1,437	1,462	1,858	1,663
Total Canada	$ 1,462	$ 1,891	$ 1,924	$ 2,316	$ 2,182

$ millions	1996	1995	1994	1993	1992
United States[1]					
Residential mortgages	$ —	$ —	$ —	$ —	$ —
Personal loans	2	1	1	6	1
Credit card loans	—	—	—	—	—
Total consumer loans	2	1	1	6	1
Non-residential mortgages	—	—	—	—	—
Trades and services	—	4	6	55	65
Manufacturing	6	6	31	52	62
Real estate	419	529	803	883	761
Agriculture	—	—	—	—	—
Natural resources	3	9	—	6	6
Transportation and communications	1	20	1	51	172
Other	2	8	—	3	23
Total business and government loans	431	576	841	1,050	1,089
Total United States	$ 433	$ 577	$ 842	$ 1,056	$ 1,090

[1] Classification by country is based on domicile of debtor or customer.

Gross Impaired Loans and Other Past Due Loans (continued)

$ millions	1996	1995	1994	1993	1992
Other countries[1][2]					
Residential mortgages	$ —	$ —	$ —	$ 200	$ 272
Personal loans	13	10	12	13	18
Credit card loans	—	—	—	—	—
Total consumer loans	13	10	12	213	290
Non-residential mortgages	—	—	—	—	—
Trades and services	44	36	121	203	177
Manufacturing	19	9	18	16	206
Real estate	32	160	151	505	481
Agriculture	—	—	—	1	1
Natural resources	—	—	3	—	—
Transportation and communications	96	86	22	24	30
Other	15	14	1	2	8
Total business and government loans	206	305	316	751	903
Total other countries	$ 219	$ 315	$ 328	$ 964	$ 1,193

$ millions	1996	1995	1994	1993	1992
Total[2]					
Residential mortgages	$ 207	$ 211	$ 227	$ 414	$ 478
Personal loans	239	179	183	197	260
Credit card loans	—	75	65	66	72
Total consumer loans	446	465	475	677	810
Non-residential mortgages	121	146	155	137	95
Trades and services	260	310	407	587	576
Manufacturing	126	167	218	290	412
Real estate	977	1,501	1,750	2,415	2,143
Agriculture	16	16	21	32	52
Natural resources	10	17	17	30	26
Transportation and communications	126	124	32	152	311
Other	32	37	19	16	40
Total business and government loans	1,668	2,318	2,619	3,659	3,655
Total loans	2,114	2,783	3,094	4,336	4,465
Other past due loans[3]	46	42	51	138	177
Total impaired and other past due loans	$ 2,160	$ 2,825	$ 3,145	$ 4,474	$ 4,642

(1) Classification by country is based on domicile of debtor or customer.
(2) 1992 through 1995 information excludes LDC loans.
(3) Other past due loans are described in note 4 to the consolidated financial statements on page 71.

Net Impaired Loans before General Allowance

$ millions	**1996**	1995	1994	1993	1992
Canada[1]					
Residential mortgages	**$ 164**	$ 184	$ 204	$ 199	$ 196
Personal loans	**76**	67	92	96	136
Credit card loans	**—**	—	—	—	—
Total consumer loans	**240**	251	296	295	332
Non-residential mortgages	**41**	72	88	100	80
Trades and services	**106**	149	173	214	248
Manufacturing	**35**	51	60	138	95
Real estate	**194**	406	426	603	749
Agriculture	**12**	14	18	27	44
Natural resources	**1**	1	1	10	8
Transportation and communications	**11**	10	2	24	103
Other	**4**	5	14	9	7
Total business and government loans	**404**	708	782	1,125	1,334
Total Canada	**$ 644**	$ 959	$ 1,078	$ 1,420	$ 1,666

$ millions	**1996**	1995	1994	1993	1992
United States[1]					
Residential mortgages	**$ —**	$ —	$ —	$ —	$ —
Personal loans	**2**	—	—	5	1
Credit card loans	**—**	—	—	—	—
Total consumer loans	**2**	—	—	5	1
Non-residential mortgages	**—**	—	—	—	—
Trades and services	**—**	4	6	55	61
Manufacturing	**2**	4	31	45	62
Real estate	**359**	471	537	625	583
Agriculture	**—**	—	—	—	—
Natural resources	**3**	9	—	5	5
Transportation and communications	**1**	20	1	51	152
Other	**—**	5	—	2	22
Total business and government loans	**365**	513	575	783	885
Total United States	**$ 367**	$ 513	$ 575	$ 788	$ 886

[1] Classification by country is based on domicile of debtor or customer.

Net Impaired Loans before General Allowance (continued)

$ millions	1996	1995	1994	1993	1992
Other countries[1]					
Residential mortgages	$ —	$ —	$ —	$ 189	$ 261
Personal loans	9	8	10	10	15
Credit card loans	—	—	—	—	—
Total consumer loans	9	8	10	199	276
Non-residential mortgages	—	—	—	—	—
Trades and services	22	23	35	115	129
Manufacturing	5	5	10	12	78
Real estate	7	80	73	125	123
Agriculture	—	—	—	—	—
Natural resources	—	—	1	—	—
Transportation and communications	32	21	11	17	26
Other	6	8	—	1	7
Total business and government loans	72	137	130	270	363
Total other countries	$ 81	$ 145	$ 140	$ 469	$ 639

$ millions	1996	1995	1994	1993	1992
Total					
Residential mortgages	$ 164	$ 184	$ 204	$ 388	$ 457
Personal loans	87	75	102	111	152
Credit card loans	—	—	—	—	—
Total consumer loans	251	259	306	499	609
Non-residential mortgages	41	72	88	100	80
Trades and services	128	176	214	384	438
Manufacturing	42	60	101	195	235
Real estate	560	957	1,036	1,353	1,455
Agriculture	12	14	18	27	44
Natural resources	4	10	2	15	13
Transportation and communications	44	51	14	92	281
Other	10	18	14	12	36
Total business and government loans	841	1,358	1,487	2,178	2,582
Total net impaired loans	$ 1,092	$ 1,617	$ 1,793	$ 2,677	$ 3,191

[1] Classification by country is based on domicile of debtor or customer.

Summary of Allowance for Credit Losses

$ millions	1996	1995	1994	1993	1992
Balance at beginning of year	$ 1,538	$ 1,673	$ 2,049	$ 1,659	$ 570
Adjustment for accounting change[1]	165	—	—	—	—
Write-offs					
Domestic					
Residential mortgages	24	21	18	13	9
Personal and credit card loans	371	189	184	233	325
Real estate	143	216	416	63	63
Other business and government loans	163	77	234	144	225
Foreign					
Residential mortgages	—	—	10	7	—
Personal and credit card loans	1	1	1	3	1
Real estate	54	241	410	55	74
Other business and government loans	100	128	122	181	69
Total write-offs	856	873	1,395	699	766
Recoveries					
Domestic					
Personal and credit card loans	62	24	21	20	16
Real estate	4	5	13	7	4
Other business and government loans	14	20	13	18	17
Foreign					
Personal and credit card loans	—	—	—	—	—
Real estate	21	1	2	1	—
Other business and government loans	12	16	13	87	27
Total recoveries	113	66	62	133	64
Net write-offs	743	807	1,333	566	702
Provision for credit losses	480	680	880	920	1,835
Foreign exchange adjustments	1	(8)	77	36	(44)
Balance at end of year	$ 1,441[2]	$ 1,538	$ 1,673	$ 2,049	$ 1,659
Ratio of net write-offs during year to average loans outstanding during year	0.62%	0.79%	1.35%	0.59%	0.78%

[1] Represents the effect of implementing CICA 3025. Additional information is provided in note 1 to the consolidated financial statements on page 66.
[2] Includes a $19 million allowance for letters of credit.

Allowance for Credit Losses as a % of Each Loan Category

$ millions	1996		1995		1994		1993		1992	
	Allowance for credit losses	Allowance as a % of each loan category	Allowance for credit losses	Allowance as a % of each loan category	Allowance for credit losses	Allowance as a % of each loan category	Allowance for credit losses	Allowance as a % of each loan category	Allowance for credit losses	Allowance as a % of each loan category
Domestic										
Residential mortgages	$ 43	0.12%	$ 27	0.08%	$ 23	0.07%	$ 15	0.05%	$ 10	0.04%
Personal and credit card loans	148	0.75	176	0.96	143	0.86	148	1.03	177	1.27
Real estate	332	11.52	406	11.72	370	9.23	424	8.83	152	2.95
Other business and government loans	295	1.41	323	1.51	310	1.43	309	1.43	177	0.75
	818	1.02	932	1.20	846	1.14	896	1.28	516	0.74
Foreign										
Residential mortgages	—	—	—	—	—	—	11	0.76	11	0.66
Personal and credit card loans	4	0.99	3	0.77	3	0.83	4	0.93	3	0.50
Real estate	85	4.25	138	5.18	344	8.77	638	13.81	536	10.29
Other business and government loans	115	0.58	93	0.56	108	0.67	110	0.63	208	1.26
	204	0.90	234	1.18	455	2.19	763	3.19	758	3.15
Unallocated general allowance	400	—	250	—	250	—	250	—	150	—
General country risk allowance	—	—	122	—	122	—	140	—	235	—
	$ 1,422	1.38%	$1,538	1.58%	$1,673	1.76%	$2,049	2.18%	$1,659	1.76%

Deposits

$ millions	Average Balance	Interest	1996 Rate %	Average Balance	Interest	1995 Rate %	Average Balance	Interest	1994 Rate %
Deposits in domestic bank offices									
Payable on demand									
Individuals	$ 1,989	$ 50	2.51%	$ 1,526	$ 40	2.65%	$ 1,618	$ 28	1.76%
Businesses and governments	7,112	145	2.04	6,587	160	2.43	6,101	77	1.27
Banks	375	6	1.50	376	8	2.17	385	4	1.15
Payable after notice									
Individuals	16,795	179	1.07	17,457	316	1.81	19,987	256	1.28
Businesses and governments	4,288	168	3.92	4,180	232	5.54	3,957	144	3.63
Banks	10	1	4.92	10	1	5.65	10	—	2.85
Payable on a fixed date									
Individuals	40,782	2,311	5.67	38,759	2,550	6.58	34,460	1,900	5.51
Businesses and governments	16,160	746	4.62	11,868	727	6.13	9,460	450	4.76
Banks	1,252	69	5.49	1,246	78	6.20	1,202	56	4.56
Total domestic	88,763	3,675	4.14	82,009	4,112	5.01	77,180	2,915	3.78
Deposits in foreign bank offices									
Payable on demand									
Individuals	28	—	0.79	23	—	1.44	25	—	0.34
Businesses and governments	364	3	0.90	307	4	1.23	299	4	1.41
Banks	144	2	1.09	132	6	4.92	136	1	1.02
Payable after notice									
Individuals	440	24	5.48	384	21	5.53	345	18	5.12
Businesses and governments	98	5	5.25	90	5	5.48	61	2	3.26
Banks	243	13	5.24	317	19	6.06	381	15	3.89
Payable on a fixed date									
Individuals	1,337	68	5.02	1,272	76	5.98	1,261	58	4.60
Businesses and governments	15,860	745	4.71	14,891	868	5.83	16,690	697	4.18
Banks	21,211	1,075	5.06	19,222	1,104	5.74	19,876	931	4.69
Total foreign deposits	39,725	1,935	4.87	36,638	2,103	5.74	39,074	1,726	4.42
Total deposits	$ 128,488	$ 5,610	4.37%	$118,647	$ 6,215	5.24%	$ 116,254	$4,641	3.99%

Short-Term Borrowings

$ millions	1996	1995	1994
Amounts outstanding at end of year			
Obligations related to securities sold short	$ 12,825	$ 10,436	$ 7,077
Obligations related to securities sold under repurchase agreements	29,082	11,775	3,492
Total short-term borrowings	$ 41,907	$ 22,211	$ 10,569
Maximum amount of borrowings outstanding at any month-end during each year			
Obligations related to securities sold short and securities sold under repurchase agreements	$ 41,907	$ 22,211	$ 11,488
Approximate average amounts outstanding during each year			
Obligations related to securities sold short	$ 11,427	$ 7,247	$ 6,367
Approximate weighted average interest rate	3.43%	1.77%	0.77%
Obligations related to securities sold under repurchase agreements	$ 19,453	$ 6,756	$ 3,485
Approximate weighted average interest rate	6.13%	3.68%	1.90%

as at October 31, 1996
(annexed in accordance with Section 308[3] of the Bank Act)

Name	Address of head or principal office[1]	Book value[2] of shares owned by the bank and by other subsidiaries of the bank *$ millions*	Percentage of the voting rights attached to voting shares owned by the bank and by other subsidiaries of the bank
In Canada			
CIBC BA Limited	Toronto, Canada	note[3]	100.0
CIBC Mortgage Corporation	Toronto, Canada	$ 3	100.0
CIBC Holdings Corporation Holding company for: The CIBC Wood Gundy Corporation (82.6%) CIBC Wood Gundy Securities Inc. CIBC Insurance Management Company Limited CIBC Life Insurance Company Limited CIBC General Insurance Company Limited The Personal Insurance Company of Canada CIBC Securities Inc. CIBC Investor Services Inc. FirstLine Trust Company	Toronto, Canada	$ 487	100.0
The Dominion Realty Company Limited[4] Holding company for: CIBC Development Corporation	Toronto, Canada	$ 59	100.0
167947 Canada Inc.[4] Holding company for: CIBC Trust Corporation	Toronto, Canada	$ 47	100.0
Comcheq Services Limited	Winnipeg, Canada	$ 49	100.0
CIBC Wood Gundy Capital (SFC) Inc. Holding company for: Tillsmith Systems Inc. Bickford Enterprises 1079879 Ontario Limited	Toronto, Canada	$ 91	100.0
CIBC Equipment Finance Limited	Toronto, Canada	note[3]	75.0
CIBC Finance Inc.	Toronto, Canada	note[3]	90.0
Outside Canada			
Canadian Imperial Bank of Commerce (Suisse) s.a.	Geneva, Switzerland	$ 42	100.0
Canadian Imperial Holdings Inc. Holding company for: Canadian Imperial Bank of Commerce (New York) CIBC Inc. CIBC Capital Corporation CIBC WG Argosy Merchant Fund 1, L.L.C. CIBC WG Argosy Merchant Fund 2, L.L.C. CIBC Wood Gundy Ventures Inc. CIBC Wood Gundy Capital Corporation CIBC Leasing Inc. CIBC Aviation Inc.	Wilmington, U.S.A.	$ 491	100.0
C.H.O. Holdings Limited	St. Michael, Barbados	$ 14	100.0
CIBC Asia Limited[4]	Singapore	$ 143	100.0

Name	Address of head or principal office[1]	Book value[2] of shares owned by the bank and by other subsidiaries of the bank *$ millions*	Percentage of the voting rights attached to voting shares owned by the bank and by other subsidiaries of the bank
CIBC Australia Holdings Limited Holding company for: CIBC Australia Limited	Sydney, Australia	$ 121	100.0
CIBC Wood Gundy Australia Pty. Limited	Sydney, Australia	$ 1	100.0
CIBC Finanz AG	Zurich, Switzerland	$ 3	100.0
CIBC Finanziaria S.p.A.	Milan, Italy	$ 9	100.0
CIBC Euroleasing S.p.A.	Milan, Italy	$ 5	100.0
CIBC Holdings (Cayman) Limited Holding company for: CIBC Trust Company (Bahamas) Limited CIBC Fund Managers (Cayman) Limited CIBC Bank and Trust Company (Cayman) Limited CIBC (Hong Kong) Limited CIBC Serviços Ltda. CIBC Bank and Trust Company (Channel Islands) Limited CIBC Management Services (Guernsey) Limited Canadian Imperial Bank of Commerce Trust Company (Channel Islands) Limited CIBC Fund Managers (Guernsey) Limited	Grand Cayman, Cayman Islands	$ 35	100.0
CIBC Holdings GmbH Holding company for: CIBC Verwaltungs AG	Frankfurt, Germany	$ 4	100.0
CIBC Offshore Banking Services Corporation	Bridgetown, Barbados	$ 1	100.0
CIBC Offshore Services Inc. Holding company for: CIBC General Insurance (Barbados) Limited	Bridgetown, Barbados	$ 1,003	100.0
CIBC (U.K.) Holdings Limited Holding company for: CIBC Finance plc CIBC International Trust Limited	London, England	$ 109	100.0
CIBC Wood Gundy plc	London, England	$ 1,015	100.0
CIBC West Indies Holdings Limited Holding company for: CIBC Bahamas Limited CIBC West Indies Offshore Banking Corporation CIBC Caribbean Limited CIBC Trust and Merchant Bank (Barbados) Limited CIBC Jamaica Limited (55.2%) CIBC Trust and Merchant Bank Jamaica Limited CIBC Building Society	Bridgetown, Barbados	$ 78	70.8
CIBC Wood Gundy Finance Limited CIBC Wood Gundy Ireland Limited	Dublin, Ireland	$ 669	100.0

(1) The subsidiaries are incorporated under the laws of the province, state or country in which the head or principal office is located.
(2) Book value of shares of subsidiaries is shown at cost.
(3) The book value of shares owned by the bank and other subsidiaries of the bank in each of these corporations is less than one million dollars.
(4) These subsidiaries have outstanding non-voting shares which are directly or indirectly owned 100% by the bank.

Condensed Consolidated Statements of Income

$ millions				1996				1995
For the quarter:	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Interest income (taxable equivalent basis)	$ 3,130	$ 3,050	$ 3,047	$ 3,049	$ 2,876	$ 2,876	$ 2,763	$ 2,587
Interest expense	1,879	1,883	1,885	1,876	1,736	1,828	1,777	1,557
Net interest income (taxable equivalent basis)	1,251	1,167	1,162	1,173	1,140	1,048	986	1,030
Deduct taxable equivalent adjustment	27	20	22	35	25	23	23	24
Net interest income (consolidated statement of income basis)	1,224	1,147	1,140	1,138	1,115	1,025	963	1,006
Provision for credit losses	120	120	120	120	170	170	170	170
	1,104	1,027	1,020	1,018	945	855	793	836
Non-interest income	716	691	639	660	613	592	488	530
	1,820	1,718	1,659	1,678	1,558	1,447	1,281	1,366
Non-interest expenses	1,255	1,151	1,087	1,091	1,068	1,011	962	950
Net income before income taxes	565	567	572	587	490	436	319	416
Income taxes	223	226	229	233	190	163	124	158
	342	341	343	354	300	273	195	258
Non-controlling interests	1	5	4	4	2	3	3	3
Net income	$ 341	$ 336	$ 339	$ 350	$ 298	$ 270	$ 192	$ 255
Dividends on preferred shares	$ 31	$ 28	$ 28	$ 25	$ 25	$ 27	$ 27	$ 32
Net income applicable to common shares	310	308	311	325	273	243	165	223
	$ 341	$ 336	$ 339	$ 350	$ 298	$ 270	$ 192	$ 255

Condensed Consolidated Balance Sheets

$ millions				1996				1995
At end of quarter:	Oct. 31	Jul. 31	Apr. 30	Jan. 31	Oct. 31	Jul. 31	Apr. 30	Jan. 31
Assets								
Cash resources	$ 8,120	$ 9,131	$ 8,847	$ 11,506	$ 15,419	$ 9,313	$ 8,285	$ 9,102
Securities	39,817	39,721	39,868	38,600	38,255	33,147	32,002	30,422
Loans								
Residential mortgages	36,889	36,268	35,856	34,974	34,659	33,499	32,820	32,712
Personal and credit card loans	19,980	19,623	19,283	19,058	18,537	17,950	17,594	17,306
Business and government loans	44,415	44,548	43,948	44,013	42,752	44,738	43,515	45,122
Securities purchased under resale agreements	32,534	24,885	19,916	17,272	14,173	8,611	7,479	5,941
Customers' liability under acceptances	8,733	8,813	8,370	8,428	8,315	8,017	8,964	7,575
Other assets	8,553	7,381	7,268	8,189	7,134	6,806	6,776	6,549
	$ 199,041	$ 190,370	$ 183,356	$ 182,040	$179,244	$162,081	$157,435	$154,729
Liabilities and Shareholders' Equity								
Deposits								
Individuals	$ 61,484	$ 61,106	$ 62,150	$ 61,736	$ 61,061	$ 60,112	$ 60,140	$ 59,235
Businesses and governments	43,705	46,616	39,415	38,963	45,738	36,753	35,219	38,901
Banks	22,232	18,820	21,606	26,552	22,683	23,898	19,750	18,746
Acceptances	8,733	8,813	8,370	8,428	8,315	8,017	8,964	7,575
Obligations related to securities sold short or under repurchase agreements	41,907	35,014	32,173	26,568	22,211	15,285	15,228	11,583
Other liabilities	8,350	6,813	6,798	7,286	6,886	5,782	5,904	6,597
Debentures	3,892	4,143	4,025	3,842	3,671	3,739	3,851	3,739
Shareholders' equity								
Preferred shares	1,068	1,567	1,562	1,567	1,355	1,363	1,410	1,471
Common shares	3,055	3,052	3,048	3,068	3,202	3,201	3,201	3,201
Retained earnings	4,615	4,426	4,209	4,030	4,122	3,931	3,768	3,681
	$ 199,041	$ 190,370	$ 183,356	$ 182,040	$179,244	$162,081	$157,435	$154,729

Profitability	1996 Q4	1996 Q3	1996 Q2	1996 Q1	1995 Q4	1995 Q3	1995 Q2	1995 Q1
Return on common equity[1]	16.2 %	16.6 %	17.6 %	17.9 %	14.9 %	13.7 %	9.8 %	13.0 %
Revenue and expenses as a percentage of average assets:								
Net interest income[2]	2.54 %	2.47 %	2.55 %	2.60 %	2.77 %	2.60 %	2.60 %	2.65 %
Provision for credit losses	(0.25)%	(0.26)%	(0.26)%	(0.27)%	(0.41)%	(0.42)%	(0.45)%	(0.44)%
Non-interest income	1.46 %	1.46 %	1.40 %	1.46 %	1.49 %	1.47 %	1.29 %	1.37 %
Non-interest expenses	(2.55)%	(2.43)%	(2.39)%	(2.42)%	(2.60)%	(2.51)%	(2.54)%	(2.45)%
Income taxes[2] and non-controlling interests	(0.51)%	(0.53)%	(0.56)%	(0.60)%	(0.53)%	(0.47)%	(0.39)%	(0.47)%
Net income – return on assets	0.69 %	0.71 %	0.74 %	0.77 %	0.72 %	0.67 %	0.51 %	0.66 %

(1) Net income applicable to common shares divided by average common shareholders' equity for the period, annualized.
(2) Adjusted to a taxable equivalent basis.

Credit Quality	1996 Q4	1996 Q3	1996 Q2	1996 Q1	1995 Q4	1995 Q3	1995 Q2	1995 Q1
Allowance for credit losses to gross impaired loans	67.3%	62.8%	59.8%	58.5%	50.9%	54.0%	50.6%	51.1%
Net impaired loans to total loans and acceptances	0.5%	0.7%	0.8%	0.9%	1.2%	1.3%	1.4%	1.3%

Capital and Related	1996 Q4	1996 Q3	1996 Q2	1996 Q1	1995 Q4	1995 Q3	1995 Q2	1995 Q1
Average common shareholders' equity *($ millions)*	$ 7,584	$ 7,366	$ 7,162	$ 7,175	$ 7,231	$ 7,047	$ 6,915	$ 6,811
Average assets *($ millions)*	$ 195,098	$ 187,675	$ 184,863	$ 179,297	$ 163,326	$ 159,585	$ 155,604	$ 154,094
Average assets to average common equity	25.7	25.5	25.8	25.0	22.6	22.6	22.5	22.6
Regulatory Tier 1 capital ratio	6.8%[1]	7.0%	6.9%	6.8%	7.0%	7.1%	7.2%	7.0%
Regulatory total capital ratio	9.4%[1]	9.7%	9.6%	9.3%	9.6%	9.9%	10.2%	10.0%

(1) Proforma as defined on page 59.

Productivity	1996 Q4	1996 Q3	1996 Q2	1996 Q1	1995 Q4	1995 Q3	1995 Q2	1995 Q1
Non-interest expenses to revenue ratio[1]	63.8%	62.0%	60.4%	59.5%	60.9%	61.6%	65.3%	60.9%

(1) Non-interest expenses divided by the sum of net interest income (taxable equivalent basis) and non-interest income.

Common Shares	1996 Q4	1996 Q3	1996 Q2	1996 Q1	1995 Q4	1995 Q3	1995 Q2	1995 Q1
Average number outstanding *(thousands)*	205,883	205,783	205,813	212,540	216,321	216,313	216,305	216,290
Per common share information:								
Net income	$ 1.50	$ 1.50	$ 1.51	$ 1.53	$ 1.26	$ 1.13	$ 0.76	$ 1.03
Price[1] – high	$ 56.60	$ 46.65	$ 42.75	$ 43.00	$ 37.13	$ 34.63	$ 35.25	$ 34.63
– low	$ 45.05	$ 42.30	$ 39.88	$ 36.00	$ 31.63	$ 31.38	$ 32.63	$ 31.13
– close	$ 55.70	$ 45.70	$ 42.30	$ 42.25	$ 36.38	$ 32.00	$ 33.88	$ 32.63
Dividends – per share	$ 0.45	$ 0.45	$ 0.40	$ 0.40	$ 0.37	$ 0.37	$ 0.37	$ 0.37
– yield[2]	3.5%	4.0%	3.9%	4.0%	4.3%	4.4%	4.5%	4.5%
– payout ratio[3]	30.0%	30.0%	26.5%	26.0%	29.4%	32.9%	48.4%	35.9%
Price-to-earnings ratio[4]	9.3	7.7	6.9	7.0	7.3	7.2	10.8	8.0
Book value[5]	$ 37.24	$ 36.33	$ 35.27	$ 34.25	$ 33.85	$ 32.97	$ 32.22	$ 31.81
Price to book value	1.50	1.26	1.20	1.23	1.07	0.97	1.05	1.03

(1) The high and low price during the period, and closing price on the last trading day of the period, on The Toronto Stock Exchange.
(2) Dividends per common share divided by the average of the high and low common share price during the period, annualized.
(3) Total common share dividends divided by the net income applicable to common shares.
(4) Closing common share price expressed as a multiple of net income per common share for the period, annualized.
(5) Common shareholders' equity divided by the number of common shares issued and outstanding at end of quarter.

Consolidated Statements of Income

$ millions for the year ended October 31:	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
Interest income (teb)[1]	**$ 12,276**	$ 11,102	$ 9,111	$ 9,068	$ 9,718	$ 11,404	$ 11,717	$ 10,172	$ 8,267	$ 7,309
Interest expense	**7,523**	6,898	5,004	5,233	6,106	7,903	8,613	7,145	5,576	4,963
Net interest income (teb)[1]	**4,753**	4,204	4,107	3,835	3,612	3,501	3,104	3,027	2,691	2,346
Deduct (teb adjustment)[1]	**104**	95	105	90	80	73	87	90	82	109
Net interest income[2]	**4,649**	4,109	4,002	3,745	3,532	3,428	3,017	2,937	2,609	2,237
Provision for credit losses	**480**	680	880	920	1,835	613	254	975	493	546
Non-interest income	**2,706**	2,223	2,252	1,903	1,769	1,581	1,375	1,202	973	819
Non-interest expenses	**4,584**	3,991	3,907	3,544	3,489	3,073	2,848	2,462	2,065	1,793
Net income (loss) before income taxes	**2,291**	1,661	1,467	1,184	(23)	1,323	1,290	702	1,024	717
Income taxes (recovery)	**911**	635	550	435	(55)	488	513	249	436	285
Non-controlling interests	**14**	11	27	19	20	24	(25)	3	(3)	—
Net income before special provision for losses	**1,366**	1,015	890	730	12	811	802	450	591	432
Special provision for losses (net of income taxes)	—	—	—	—	—	—	—	—	—	450
Net income (loss)	**$ 1,366**	$ 1,015	$ 890	$ 730	$ 12	$ 811	$ 802	$ 450	$ 591	$ (18)
Dividends on preferred shares	**$ 112**	$ 111	$ 141	$ 131	$ 120	$ 101	$ 93	$ 55	$ 44	$ 48
Net income (loss) applicable to common shares	**1,254**	904	749	599	(108)	710	709	395	547	(66)
	$ 1,366	$ 1,015	$ 890	$ 730	$ 12	$ 811	$ 802	$ 450	$ 591	$ (18)

(1) teb – taxable equivalent basis, is described in footnote (3) in Profitability on page 112.
(2) Net interest income is as shown on the same basis as the consolidated statements of income.

Condensed Consolidated Balance Sheets

$ millions, as at October 31:	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
Assets										
Cash resources	**$ 8,120**	$ 15,419	$ 9,436	$ 7,880	$ 6,245	$ 7,465	$ 6,751	$ 6,111	$ 6,695	$ 7,750
Securities	**39,817**	38,255	28,753	24,167	20,055	14,890	10,402	9,623	9,771	8,410
Loans										
Residential mortgages	**36,889**	34,659	32,225	30,720	28,927	25,616	24,196	20,373	17,898	15,116
Personal and credit card loans	**19,980**	18,537	16,807	14,650	14,318	14,608	14,715	13,505	12,500	10,910
Business and government loans	**44,415**	42,752	44,322	46,687	49,384	46,137	44,420	38,654	36,889	37,563
Securities purchased under resale agreements[1]	**32,534**	14,173	6,584	5,124	2,298	—	—	—	—	—
Customers' liability under acceptances	**8,733**	8,315	7,259	7,069	6,045	7,706	9,180	8,064	7,479	6,137
Land, buildings and equipment	**1,983**	2,013	1,995	1,951	1,754	1,605	1,380	1,041	907	798
Other assets	**6,570**	5,121	3,652	3,051	3,186	2,998	3,152	2,842	2,549	1,691
	$ 199,041	$ 179,244	$ 151,033	$ 141,299	$ 132,212	$ 121,025	$ 114,196	$ 100,213	$ 94,688	$ 88,375
Liabilities and Shareholders' Equity										
Deposits										
Individuals	**$ 61,484**	$ 61,061	$ 59,040	$ 57,265	$ 54,233	$ 50,412	$ 47,534	$ 42,106	$ 36,821	$ 34,231
Businesses and governments	**43,705**	45,738	36,213	34,357	36,873	34,095	31,605	27,297	26,884	24,137
Banks	**22,232**	22,683	20,209	19,283	15,912	10,964	10,971	9,469	8,882	13,644
Acceptances	**8,733**	8,315	7,259	7,069	6,045	7,706	9,180	8,064	7,479	6,137
Obligations related to securities sold short or under repurchase agreements[1]	**41,907**	22,211	10,569	7,523	4,361	—	—	—	—	—
Other liabilities	**8,350**	6,886	5,867	4,845	5,302	8,660	7,011	6,676	8,247	4,479
Debentures	**3,892**	3,671	3,441	3,003	2,848	2,485	2,026	1,756	1,767	1,492
Shareholders' equity										
Preferred shares	**1,068**	1,355	1,691	1,878	1,460	1,300	1,050	600	600	600
Common shares	**3,055**	3,202	3,200	3,016	2,433	2,297	2,168	2,058	1,977	1,741
Retained earnings	**4,615**	4,122	3,544	3,060	2,745	3,106	2,651	2,187	2,031	1,914
	$ 199,041	$ 179,244	$ 151,033	$ 141,299	$ 132,212	$ 121,025	$ 114,196	$ 100,213	$ 94,688	$ 88,375

Condensed Consolidated Statements of Changes in Shareholders' Equity

$ millions, for the year ended October 31:	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
Balance at beginning of year	**$ 8,679**	$ 8,435	$ 7,954	$ 6,638	$ 6,703	$ 5,869	$ 4,845	$ 4,608	$ 4,255	$ 3,711
Adjustment[2]	**(94)**	—	—	—	—	—	—	—	—	—
Premium on redemption/repurchase of share capital										
Preferred	**(34)**	—	—	—	—	—	—	—	—	—
Common	**(281)**	—	—	—	—	—	—	—	—	—
Changes in share capital										
Preferred	**(290)**	(336)	(187)	418	160	250	450	—	—	3
Common	**(147)**	2	184	583	136	129	110	81	236	670
Net income (loss)	**1,366**	1,015	890	730	12	811	802	450	591	(18)
Dividends										
Preferred	**(112)**	(111)	(141)	(131)	(120)	(101)	(93)	(55)	(44)	(48)
Common	**(352)**	(320)	(281)	(263)	(245)	(239)	(232)	(214)	(188)	(154)
Other	**3**	(6)	16	(21)	(8)	(16)	(13)	(25)	(242)	91
Balance at end of year	**$ 8,738**	$ 8,679	$ 8,435	$ 7,954	$ 6,638	$ 6,703	$ 5,869	$ 4,845	$ 4,608	$ 4,255

(1) Comparative amounts for years prior to 1992 have not been reclassified as information is not readily available.

(2) Represents the effect of implementing CICA 3025. Additional information is provided in note 1 to the consolidated financial statements on page 66.

Profitability	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
Return on common equity[2]	**17.1 %**	12.9 %	11.7 %	10.6 %	(2.0)%	13.9 %	15.8 %	9.3 %	14.5 %	11.5 %
Tax rate[3]	**43.0 %**	42.9 %	42.6 %	43.2 %	42.8 %	42.4 %	42.4 %	42.2 %	47.1 %	50.4 %
Revenue and expenses as a percentage of average assets:										
Net interest income[3]	**2.55 %**	2.66 %	2.75 %	2.79 %	2.86 %	2.94 %	2.86 %	3.11 %	2.95 %	2.72 %
Provision for credit losses	**(0.26)%**	(0.43)%	(0.59)%	(0.67)%	(1.45)%	(0.52)%	(0.23)%	(1.00)%	(0.54)%	(0.63)%
Non-interest income[4]	**1.45 %**	1.40 %	1.52 %	1.39 %	1.40 %	1.33 %	1.27 %	1.23 %	1.07 %	0.95 %
Non-interest expenses[4]	**(2.45)%**	(2.52)%	(2.62)%	(2.58)%	(2.76)%	(2.58)%	(2.63)%	(2.53)%	(2.26)%	(2.08)%
Income taxes[3] and non-controlling interests	**(0.56)%**	(0.47)%	(0.46)%	(0.40)%	(0.04)%	(0.49)%	(0.53)%	(0.35)%	(0.57)%	(0.46)%
Net income–return on assets[5]	**0.73 %**	0.64 %	0.60 %	0.53 %	0.01 %	0.68 %	0.74 %	0.46 %	0.65 %	0.50 %

(1) For the purposes of this review, prior years' financial information has been restated, where necessary, to conform with the presentation used in 1996.
(2) Net income applicable to common shares divided by average common shareholders' equity for the year.
(3) Taxable equivalent basis – net interest income includes tax-exempt income on certain securities, primarily interest on income debentures, small business development bonds and small business bonds, and dividends on certain preferred shares of Canadian corporations. Because this income is not taxable to CIBC, the rate of interest or dividend received by CIBC is significantly lower than would apply to a loan of the same amount. As the impact of tax-exempt income varies from year to year as a result of fluctuations in the general level of interest rates and the size of CIBC's holdings of tax-exempt securities, such income has been adjusted to a taxable equivalent basis to permit uniform measurement and comparison of net interest income. An equal and offsetting adjustment is made to increase the provision for income taxes. The taxable equivalent adjustments are based on tax-exempt income and the corresponding tax rates.
(4) Effective November 1, 1995, the Office of the Superintendent of Financial Institutions requires rental income net of related expenses on real estate investment properties to be classified as non-interest income. This net rental income was previously reported as non-interest expense. Comparative amounts for 1992 through 1995 have been reclassified to conform with the presentation used in 1996. Comparative amounts for years prior to 1992 have not been reclassified as information is not readily available.
(5) The special provision for LDC losses in 1987 reduced return on assets to a negative (0.02)% and return on common equity to a negative (1.97)% for that year.
(6) The 1987 information is before the special provision for LDC losses of $450 million after tax.

Credit Quality	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
Allowance for credit losses to gross impaired loans	**67.3 %**	50.9%	50.1%	44.0%	31.9%	16.4%	24.8%	34.4%	24.9%	30.6%
Net impaired loans (*$ millions*)	**$ 692**	$ 1,367	$ 1,543	$ 2,476	$ 3,041	$ 1,862	$ 865	$ 771	$ 1,006	$2,276
Net impaired loans to total loans and acceptances	**0.5 %**	1.2%	1.4%	2.3%	3.0%	2.0%	0.9%	1.0%	1.3%	3.3%

(1) For the purposes of this review, prior years' financial information has been restated, where necessary, to conform with the presentation used in 1996.

Liquidity	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
Cash resources to total assets	**4.1 %**	8.6%	6.2%	5.6%	4.7%	6.2%	5.9%	6.1%	7.1%	8.8%
Securities to total assets	**20.0 %**	21.3%	19.0%	17.1%	15.2%	12.3%	9.1%	9.6%	10.3%	9.5%

Capital and Related	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
Average common shareholders' equity (*$ millions*)	**$ 7,332**	$ 7,003	$ 6,393	$ 5,664	$ 5,318	$ 5,094	$ 4,491	$ 4,228	$ 3,765	$ 3,352
Average assets (*$ millions*)	**$186,733**	$158,152	$149,060	$137,307	$126,415	$118,892	$108,391	$97,386	$91,332	$86,241
Average assets to average common equity	**25.5**	22.6	23.3	24.2	23.8	23.3	24.1	23.0	24.3	25.7
Internal capital generation rate[1]	**12.3%**	8.3%	7.3%	5.9%	(6.6)%	9.2%	10.6%	4.3%	9.5%	6.6%
Regulatory Tier 1 capital ratio	**6.8%**[2]	7.0%	7.1%	6.9%	5.9%	6.0%	5.3%	4.7%	4.9%	n/a
Regulatory total capital ratio	**9.4%**[2]	9.6%	9.9%	9.7%	8.7%	9.0%	7.9%	7.1%	7.4%	n/a

(1) (Net income–preferred dividends–common dividends)/average common shareholders' equity.
(2) Proforma as defined on page 59.
n/a – not applicable.

Productivity and Related	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
Non-interest expenses to revenue ratio[2]	**61.5 %**	62.1%	61.4%	61.8%	64.8%	60.5%	63.6%	58.2%	56.4%	56.7%
Full-time equivalent employees[3]	**41,606**	39,329	40,618	41,322	42,584	na	na	na	na	na
Number of branches	**1,392**	1,390	1,428	1,453	1,515	1,529	1,527	1,539	1,528	1,534
Number of automated banking machines	**3,032**	2,990	2,887	2,754	2,596	2,405	1,914	1,399	987	741

(1) For the purposes of this review, prior years' financial information has been restated, where necessary, to conform with the presentation used in 1996.
(2) Non-interest expenses divided by the sum of net interest income (taxable equivalent basis) and non-interest income.
(3) Full-time equivalent employees include full-time, part-day, part-time, contract and casual employees and overtime hours.
(4) CIBC Development Corporation provides facilities management services for 5.7 million square feet of office space occupied by the CIBC group of companies in Canada.
na – not available.

Common Shares

Common Shares	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
Number outstanding *(thousands)*	**205,957**	216,345	216,273	210,211	188,688	183,704	179,148	174,567	171,668	160,647
Average number outstanding *(thousands)*										
– basic	**207,514**	216,307	212,732	200,683	185,503	180,905	176,185	172,783	163,529	139,904
– fully diluted	**211,074**	219,100	214,484	201,089	185,503	180,905	176,185	172,783	167,605	149,489
Per common share information:										
Net income										
– basic[1]	**$ 6.04**	$ 4.18	$ 3.52	$ 2.99	$ (0.59)	$ 3.93	$ 4.03	$ 2.28	$ 3.34	$ 2.74
– fully diluted	**$ 6.04**	$ 4.18	$ 3.52	$ 2.99	$ (0.59)	$ 3.93	$ 4.03	$ 2.28	$ 3.32	$ 2.67
Price[2] – high	**$ 56.60**	$ 37.13	$ 36.25	$ 33.63	$ 37.00	$ 33.00	$ 33.63	$ 32.50	$ 25.88	$ 23.63
– low	**$ 36.00**	$ 31.13	$ 28.00	$ 23.63	$ 25.13	$ 21.63	$ 21.63	$ 22.75	$ 16.88	$ 15.75
– close	**$ 55.70**	$ 36.38	$ 32.00	$ 31.63	$ 28.75	$ 30.88	$ 22.25	$ 31.63	$ 25.13	$ 17.88
Dividends										
– per share	**$ 1.70**	$ 1.48	$ 1.32	$ 1.32	$ 1.32	$ 1.32	$ 1.32	$ 1.24	$ 1.14	$ 1.08
– yield[3]	**3.7%**	4.3 %	4.1 %	4.6 %	4.2 %	4.8 %	4.8 %	4.5 %	5.3 %	5.5%
– payout ratio[4]	**28.1%**	35.4 %	37.5 %	43.9 %	nm	33.6 %	32.8 %	54.3 %	34.3%	40.1%
Price-to-earnings ratio[5]	**9.2**	8.7	9.1	10.6	nm	7.9	5.5	13.9	7.5	6.5
Book value[6]	**$ 37.24**	$ 33.85	$ 31.18	$ 28.90	$ 27.44	$ 29.41	$ 26.90	$ 24.31	$ 23.35	$ 21.12
Price to book value	**1.50**	1.07	1.03	1.09	1.05	1.05	0.83	1.30	1.08	0.85

(1) The special provision for LDC losses in 1987 reduced basic net income per common share to a loss of $0.47 per share for that year.
(2) The high and low price during the year, and closing price on the last trading day of the year, on The Toronto Stock Exchange.
(3) Dividends per common share divided by the average of the high and low common share price during the year.
(4) Total common share dividends divided by the net income applicable to common shares (for 1987, before the special provision for LDC losses) for the year.
(5) Closing common share price expressed as a multiple of net income per common share for the year.
(6) Common shareholders' equity (including adjustment for taxes) divided by the number of common shares issued and outstanding at the end of the year.
nm – not meaningful

Preferred Shares

Preferred Shares	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
$ millions										
Total dividends on preferred shares										
Class A Series 2	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 12
Series 3	—	—	—	—	8	28	30	28	23	18
Series 4	**5**	7	7	7	8	12	15	14	11	9
Series 5	**5**	7	6	7	8	11	15	13	10	9
Series 6	—	—	19	18	18	18	17	—	—	—
Series 7	—	2	2	2	2	4	4	—	—	—
Series 8	—	5	18	18	18	18	12	—	—	—
Series 9	**23**	23	23	23	23	10	—	—	—	—
Series 10	**28**	26	26	24	22	—	—	—	—	—
Series 11	**15**	13	13	13	13	—	—	—	—	—
Series 12	**13**	14	13	9	—	—	—	—	—	—
Series 13	**14**	14	14	10	—	—	—	—	—	—
Series 14	**9**	—	—	—	—	—	—	—	—	—
	$ 112	$ 111	$ 141	$ 131	$ 120	$ 101	$ 93	$ 55	$ 44	$ 48
Dividends per preferred share										
Class A Series 2	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 1.0507
Series 3	—	—	—	—	2.6530	9.5140	10.0190	9.3970	7.5630	5.9960
Series 4	**4.7360**	6.0900	4.5840	4.5840	5.3780	7.7460	10.0340	9.2340	7.3640	5.9360
Series 5	**1.1600**	1.4728	1.1057	1.1273	1.3051	1.8992	2.4384	2.2376	1.7817	1.5000
Series 6	—	—	2.4349	2.2500	2.2500	2.2500	2.0697	—	—	—
Series 7	—	4,208	3,507	4,034	4,871	7,238	8,328	—	—	—
Series 8	—	0.6706	2.2200	2.2200	2.2200	2.2200	1.5540	—	—	—
Series 9	**2.2750**	2.2750	2.2750	2.2750	2.2750	0.9988	—	—	—	—
Series 10	**2.8175**	2.5555	2.5786	2.4423	2.2510	—	—	—	—	—
Series 11	**2.4060**	2.2125	2.2125	2.2125	2.1867	—	—	—	—	—
Series 12	**2.2188**	2.1856	2.2054	1.4983	—	—	—	—	—	—
Series 13	**1.7500**	1.7500	1.7500	1.2490	—	—	—	—	—	—
Series 14	**1.1197**	—	—	—	—	—	—	—	—	—

CIBC Management Committee

Flood, A.L. (Al), Chairman and Chief Executive Officer *(Thornhill, Ontario)*

Hunkin, J.S. (John), President, CIBC Wood Gundy *(Toronto, Ontario)*

Kluge, H. (Holger), President, Personal and Commercial Bank *(North York, Ontario)*

Corporate Centre

Policy Committee

Flood, A.L. (Al), Chairman and Chief Executive Officer

Beasley, G.E. (Gerry), Senior EVP, Risk Management *(Mississauga, Ontario)*

Darling, M.S. (Michele), EVP, Human Resources *(Toronto, Ontario)*

Doran, J.C. (John), EVP, Administration and Chief Financial Officer *(Mississauga, Ontario)*

Hayes, D.C. (Derek), EVP and General Counsel, Corporate Governance *(Toronto, Ontario)*

Meredith, P.D. (Patricia), EVP, Corporate Strategy *(Toronto, Ontario)*

Ferguson, D.S. (Dan), EVP, Large Corporate, Risk Management *(Oakville, Ontario)*

Mark, R.M. (Bob), EVP, Market Risk Management *(Thornhill, Ontario)*

Fisher, P.T. (Paul), VP and Corporate Secretary, Corporate Governance *(Toronto, Ontario)*

CIBC Wood Gundy

Executive Board

Hunkin, J.S. (John), President

Denham, G.H. (Jill), Managing Director *(London, England)*

Falconer, R.D. (Dick), Managing Director *(Toronto, Ontario)*

Fox, W.C. (Wayne), Managing Director, President, CIBC Wood Gundy Securities Inc. *(Toronto, Ontario)*

Gelardin, A.F. (Frank), Managing Director *(New York, New York)*

Goldhawk, M.R. (Mike), Managing Director *(Westport, Connecticut)*

Horrocks, M.G. (Michael), Managing Director *(Edenbridge, Kent, England)*

Kassie, D.J. (David), Managing Director, Global Investment Banking *(Toronto, Ontario)*

Lalonde, R.A. (Ron), Managing Director, Europe *(London, England)*

Lindsay, D.R. (Don), Managing Director *(Toronto, Ontario)*

McCaughey, M.T. (Gerry), Managing Director, President and Chief Executive Officer, Wood Gundy Private Clients Inc. *(Toronto, Ontario)*

McGirr, S.R. (Steve), Managing Director *(Toronto, Ontario)*

Mirza, Y.J. (Joe), Managing Director, Asia-Pacific *(Singapore)*

Nesbitt, R. (Richard), Managing Director *(Toronto, Ontario)*

Rogers, P.D. (Paul), Managing Director *(Toronto, Ontario)*

Rulle, M.S. (Michael), Managing Director, U.S.A. *(Mendham, New Jersey)*

Singleton, J.M. (Matt), Chief Administrative Officer and Managing Director *(Greenwich, Connecticut)*

Venn, R.E. (Richard), Managing Director, Chairman and Chief Executive Officer, CIBC Wood Gundy Securities Inc. *(Toronto, Ontario)*

Personal and Commercial Bank

Executive Committee

Kluge, H. (Holger), President

Bowden, J.W. (John), EVP, Commercial Banking *(Pickering, Ontario)*

Cassidy, B.M. (Brian), EVP, Electronic Banking *(Oakville, Ontario)*

Gill, G. (Gwyn), EVP, Strategy Development *(Toronto, Ontario)*

Lowry, J.L. (John), EVP, Customer Satisfaction *(Oakville, Ontario)*

Hohol, L.M. (Linda), EVP, Asset Management *(Toronto, Ontario)*

Napier, B.G. (Burt), EVP, Operations and Technology *(Oakville, Ontario)*

Pedersen, M.B. (Mike), EVP, Branch Banking *(Toronto, Ontario)*

Vessey, P.J. (Paul), EVP, Personal Lending Products *(Toronto, Ontario)*

Cuber, P.J. (Pam), SVP, Human Resources *(Pickering, Ontario)*

Kearns, J.R. (John), SVP, Wealth Management *(Toronto, Ontario)*

Lacey, D.E. (Dwight), SVP and Chief Executive Officer, CIBC Insurance *(Oakville, Ontario)*

Lancaster, E.W. (Rick), SVP, Finance *(Oakville, Ontario)*

Watson, W. A. (Wendy), SVP *(Nobleton, Ontario)*

MacLachlan, L.W. (Lachlan), VP *(Etobicoke, Ontario)*

As at Nov. 7, 1996

Municipalities of residence are provided for senior officers and shown in italics.

All of the senior officers (EVP and above) have held their present business affiliations for more than five years except G. Gill who was Senior Vice-President, Marketing and Planning, Royal Bank of Canada; D.E. Lacey who was Executive Vice-President & Chief Operating Officer, Wellington Insurance Company; R.A. Lalonde who was Vice-President, Global Research, Wood Gundy Inc.; R.M. Mark who was Partner, Global Risk Management, Coopers & Lybrand and Managing Director, Asia, Europe and Capital Markets, Chemical Bank Corporation; P.D. Meredith who was Research Analyst and Vice-President, Wood Gundy Inc.; B.G. Napier who was President, Napier and Associates Consulting; J.M. Singleton who was Partner in charge of Global Derivatives and Treasury Risk Management Service Line, Arthur Andersen & Co.; and P.J. Vessey who was Vice-President and General Manager, Consumer Financial Services, American Express Canada Inc.

December 5, 1996

Portions of the Annual Information Form (AIF) are disclosed in parts of this Annual Report and are incorporated into the AIF by reference as set out below.

Item	References
Incorporation	Page 121
Principal subsidiaries	Pages 106 and 107
General development and narrative description of the business	Pages 28 to 35
Interest income	Pages 43 and 94 to 97
Non-interest income	Pages 44 and 45
Geographic distribution of revenue	Note 20, page 92
Impaired loans	Pages 49 and 50 Table, page 40
Other past due loans	Pages 100 and 101 Note 4, page 71
Foreign loans	Pages 98 and 99 Note 20, page 91
Allowance for credit losses	Tables, pages 50 and 51 Note 4, page 71
Mortgage operations	Pages 39, 40 and 51
Properties	Table, page 112
Employees	Table, page 112
Selected consolidated financial information	Pages 94 to 105 and 108 to 113
Dividend policy	Pages 78 and 113
Management's discussion and analysis	Pages 28 to 60
Market for securities	Page 121
Directors[1]	Pages 116, 118 and 119
Officers	Page 114

[1] Raymond V. Smith, Chairman of the Board, MacMillan Bloedel Limited, a director of CIBC since 1987, will not stand for re-election at CIBC's annual meeting of shareholders on January 16, 1997.

Unless otherwise specified, the information contained in the AIF and the Annual Report relates to CIBC's fiscal year ended October 31, 1996 and amounts are expressed in Canadian dollars. All financial information is determined in accordance with generally accepted accounting principles in Canada, including the accounting requirements of the Superintendent of Financial Institutions Canada. Prior years' financial information has been reclassified, where necessary, to conform with the presentation in 1996.

When the securities of CIBC are in the course of a distribution pursuant to a short form prospectus, or a preliminary short form prospectus has been filed in respect of a distribution of its securities, CIBC shall provide to any person, upon request to the Corporate Secretary of CIBC at Commerce Court, Toronto, Canada, M5L 1A2, the following:

i) a copy of the AIF, together with a copy of any documents incorporated by reference,

ii) a copy of the comparative consolidated financial statements of CIBC for the year ended October 31, 1996 together with the accompanying report of the auditors and a copy of any interim consolidated financial statements of CIBC subsequent to the consolidated financial statements for its most recently completed financial year,

iii) a copy of the information circular of CIBC in respect of its most recent annual meeting of shareholders that involved the election of directors, and

iv) a copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus.

CIBC shall provide to any person upon request to the Corporate Secretary, at any other time, a copy of any of the documents referred to above, provided CIBC may require the payment of a reasonable charge if the request is made by a person who is not a security holder of CIBC.

Additional information with respect to CIBC, including directors' and officers' remuneration and indebtedness, principal holders of CIBC's securities, options to purchase securities and interests of insiders in material transactions, where applicable, is contained in the Notice of Annual Meeting of Shareholders and Management Proxy Circular dated December 5, 1996. Additional financial information is provided in the management's discussion and analysis, the consolidated financial statements, the notes to the consolidated financial statements, the supplementary annual financial information, the quarterly review and the ten-year statistical review in the Annual Report.

As at October 31, 1996, the directors and officers at and above the level of executive vice-president of CIBC, as a group, beneficially owned, directly or indirectly, or exercised control or direction over (i) less than 1% of the outstanding common shares of CIBC and (ii) 5.9% of the outstanding common shares of The CIBC Wood Gundy Corporation (the Corporation). Subsequent to October 31, 1996, CIBC acquired all outstanding shares in the capital of the Corporation and CIBC officers now own no shares of the Corporation, and, to the knowledge of the bank, no director or such officer of CIBC beneficially owns or controls voting securities of any other subsidiaries of CIBC.

Douglas G. Bassett *('80)*
O.C., O.Ont., LL.D., D.Litt.
President and
Chief Executive Officer
Baton Broadcasting
Incorporated
Toronto, Ontario
Canada

Jalynn H. Bennett *('94)*
President
Jalynn H. Bennett and
Associates Ltd.
Toronto, Ontario
Canada

Hon. Conrad M. Black *('77)*
P.C., O.C., LL.D., Litt.D., LL.L.,
M.A.
Chairman
Argus Corporation Limited
London
England

Bertrand P. Collomb *('87)*
Chairman and
Chief Executive Officer
Lafarge
Paris
France

Hon. William G. Davis *('85)*
P.C., C.C., Q.C.
Counsel
Tory Tory DesLauriers
& Binnington
Toronto, Ontario
Canada

Pat M. Delbridge *('93)*
President
PDA Partners Inc.
Toronto, Ontario
Canada

E.L. Donegan *('91)*
Q.C.
Partner
Blake, Cassels & Graydon
Toronto, Ontario
Canada

William L. Duke *('91)*
Farmer
Redvers, Saskatchewan
Canada

Ivan E.H. Duvar *('89)*
P.Eng.
Chairman
Maritime Telegraph &
Telephone Company, Limited
Halifax, Nova Scotia
Canada

William A. Etherington *('94)*
General Manager
Worldwide Industries
IBM Corporation
Greenwich, Connecticut
U.S.A.

A.L. Flood *('89)*
Chairman and
Chief Executive Officer
CIBC
Toronto, Ontario
Canada

Margot A. Franssen *('92)*
President
The Body Shop
Toronto, Ontario
Canada

R.D. Fullerton *('74)*
Chairman
Executive Committee
CIBC
Toronto, Ontario
Canada

Hon. James A. Grant *('91)*
P.C., Q.C.
Partner
Stikeman, Elliott
Montreal, Quebec
Canada

Richard F. Haskayne *('88)*
B.Comm., F.C.A.
Chairman of the Board
Nova Corporation
Calgary, Alberta
Canada

Albert E.P. Hickman *('89)*
Chairman and President
Hickman Motors Limited
St. John's, Newfoundland
Canada

John S. Hunkin *('93)*
President
CIBC Wood Gundy
CIBC
Toronto, Ontario
Canada

William James *('83)*
President and
Chief Executive Officer
Inmet Mining Corporation
Toronto, Ontario
Canada

Holger Kluge *('92)*
President
Personal and
Commercial Bank
CIBC
Toronto, Ontario
Canada

Marie-Josée Kravis *('87)*
O.C., M.Sc.(Econ.), LL.D.
Fellow
Hudson Institute Inc.
New York, New York
U.S.A.

Maurice LeClair *('87)*
C.C., M.D., LL.D., D.Sc.
Company Director
Montreal, Quebec
Canada

Hon. Pearl McGonigal *('88)*
C.M., LL.D.
Company Director
Winnipeg, Manitoba
Canada

W. Darcy McKeough *('78)*
O.C. B.A., LL.D.
Chairman
McKeough Investments Ltd.
Chatham, Ontario
Canada

Stanley A. Milner *('84)*
A.O.E., B.Sc., LL.D.
President and
Chief Executive Officer
Chieftain International, Inc.
Edmonton, Alberta
Canada

Arnold Naimark *('87)*
O.C., M.D., LL.D., F.R.C.P.(C),
F.R.S.(Can.)
Past President,
The University of Manitoba
Director, Centre for the
Advancement of Medicine
Winnipeg, Manitoba
Canada

Michael E.J. Phelps *('89)*
Chairman and
Chief Executive Officer
Westcoast Energy Inc.
Vancouver, British Columbia
Canada

Alfred Powis *('66)*
O.C.
Director
Noranda Inc.
Toronto, Ontario
Canada

Barbara J. Rae *('92)*
C.M., O.B.C.
Former Chairman, President
and Chief Executive Officer
ADIA Canada Ltd.
Vancouver, British Columbia
Canada

Sir Neil Shaw *('86)*
Chairman
Tate & Lyle PLC
London
England

Raymond V. Smith *('87)*
Chairman of the Board
MacMillan Bloedel Limited
Vancouver, British Columbia
Canada

John S. Walton *('86)*
Chairman
Endeavour Financial
Corporation
Victoria, British Columbia
Canada

W. Galen Weston *('78)*
O.C.
Chairman and President
George Weston Limited
Toronto, Ontario
Canada

Peter N.T. Widdrington *('86)*
M.B.A., LL.D.
Chairman
Laidlaw Inc.
London, Ontario
Canada

The year of each director's appointment to the board is shown in italics.

The Board of Directors and management of CIBC are committed to the importance of good corporate governance and its effectiveness in enhancing shareholder value. CIBC is one of the leading organizations in Canada in fostering effective corporate governance and corporate governance systems. The CIBC Board of Directors supervises the management of CIBC in accordance with the Bank Act (Canada) and the laws and regulations of the jurisdictions around the world where it carries on business. The board has delegated roles, accountabilities and authorities to management through the chief executive officer. In addition to its overall supervisory role, the board retains specific responsibilities, such as issuing shares and approving published financial statements. To fulfil its obligations, the board approves an annual schedule of management presentations for board and Executive Committee meetings. The board meets about 12 times per year and the Executive Committee meets about nine times per year. Material is mailed in advance to the directors for all meetings of the board and its committees to facilitate informed discussion and decision making.

The CIBC Board of Directors was one of the first to establish a corporate governance committee. CIBC is the only Canadian bank to have established a unified corporate governance group composed of the legal, compliance, audit, security, corporate secretarial and business information/records management functions.

To ensure good corporate governance and accountability, the board has established an avenue of direct access to certain board committees for the executive vice-president & general counsel, corporate governance group, the chief inspector, and the compliance officer.

The Toronto Stock Exchange (TSE) requires that companies with their shares listed on it, such as CIBC, disclose their approach to corporate governance. The Montreal Exchange has adopted similar requirements. CIBC's Corporate Governance Committee and the Board of Directors have reviewed both the guidelines for corporate governance established by the TSE, and CIBC's corporate governance system, and have concluded that there is no material difference between them.

The guidelines recommend that a corporation have a majority of "unrelated directors." The definition of an unrelated director refers to being "independent of management" and "free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interests of the corporation, other than interests and relationships arising from shareholding."

As a Canadian chartered bank, CIBC is subject to the Bank Act and its regulations and the act sets out rules as to who constitutes an "affiliated director." The board has reviewed these Bank Act rules and has determined that the test of what constitutes an affiliated director is an appropriate test for the TSE concept of a "related director." On this basis the board has concluded that as at October 31, 1996, there are seven directors of the 33 member board of CIBC who are "affiliated" and "related" to CIBC, and three of these are executive officers.

Committees of the Board of Directors are an integral part of CIBC's governance structure. After the annual meeting of shareholders, the board appoints directors to be members of its various committees for the following year. After each committee meeting (other than the Executive Committee), its chairman provides a report to the full board. To permit all directors to inform themselves about the activities of the committees and the past decisions and supervisory activities of the board, the minute books for each committee are available at all of its meetings, and all committee and board minute books are available for review by the directors at each meeting of the board and Executive Committee.

Executive Committee

The Executive Committee's mandate is to act on behalf of the Board of Directors when it is not in session, except where prohibited by statute. It gives specific emphasis to examining CIBC's strategies, policies and operating performance and approves credits and other matters which require attention prior to the next board meeting. The committee met 11 times in fiscal 1996.

Members:

R.D. Fullerton, Chairman
Douglas G. Bassett
Jalynn H. Bennett
E.L. Donegan
Ivan E.H. Duvar
A.L. Flood
James A. Grant
Richard F. Haskayne
Pearl McGonigal
W. Darcy McKeough
Stanley A. Milner
Alfred Powis
Barbara J. Rae

Corporate Governance Committee

The mandate of the Corporate Governance Committee is to review corporate governance matters pertaining to the shareholders and the Board of Directors, to review the performance of the chief executive officer and to review succession planning for the CEO and senior officers.

The committee has the responsibility to receive and consider any significant concerns of individual directors; to bring to the attention of the board or any other board committee matters which should be considered by the board or such committee; and to review the role of the board, its committees and the methods and processes by which the board fulfils its duties and responsibilities.

The committee is composed of the chair of each of the board committees other than the Executive Committee.

None of the committee members is an employee or officer of CIBC. At each of its two meetings held during fiscal 1996, the committee discussed matters affecting the corporate governance of CIBC including the specific items required by its terms of reference and how significant areas of risk facing CIBC, its subsidiaries and businesses are managed. Based on its own deliberations and discussions with other directors, the committee was satisfied with the quality of the information and presentations that management is providing to the board. It reviewed, and amended for subsequent discussion by the full board, the schedule of presentations to be made to the board and the Executive Committee. The committee reviewed all comments made by shareholders on their proxies for the annual meeting of shareholders.

The requirements of the Report of the TSE Committee on Corporate Governance were discussed; a determination was made and reported to the board, which agreed, that CIBC is in compliance with the TSE requirements as is more fully set out on page 117. The committee reviewed a draft directors' questionnaire for comment by individual members.

Succession planning for the senior executive positions of CIBC, including the position of CEO, was discussed. The committee discussed the role of the various board committees and determined that their structures and performance are effective. The committee has concluded that the corporate governance practices of the board, its committees and individual directors at CIBC are soundly based and effective.

Members:

Alfred Powis, Chairman
James A. Grant
Pearl McGonigal
Stanley A. Milner
Barbara J. Rae

Nominating Committee

The mandate of the Nominating Committee is to set criteria for the selection of directors, to recommend and recruit candidates for the Board of Directors, to review the size and composition of the board, and to examine and recommend appropriate directors' fees. None of the members of the committee is an officer or employee of CIBC. The committee and the Board of Directors have indicated that, while they are comfortable with the current size of the board, it would be beneficial to add representation on the board from certain geographic areas, while over time reducing the number of directors. The committee met once in fiscal 1996 and discussed possible candidates from Quebec, the United States and Asia for appointment to the board. The committee reviewed directors' compensation and agreed upon a fee schedule to be recommended to the board for its approval.

Members:

Pearl McGonigal, Chairman
William G. Davis
Pat M. Delbridge
E.L. Donegan
William James
Maurice LeClair
W. Darcy McKeough
Sir Neil Shaw

Audit Committee

The mandate of the Audit Committee is to review the financial statements of CIBC and to liaise with CIBC's auditors. It reviews CIBC's systems, compliance and control policies and has the authority to review any and all of CIBC's books and records. It meets regularly with CIBC's auditors to discuss such matters as lending practices and loan loss provisioning. It reviews CIBC's Code of Conduct and recommends the firms of auditors to be appointed by the shareholders. The Board of Directors delegated to the committee responsibility for the detailed review and compliance with two of the eight Canada Deposit Insurance Corporation (CDIC) standards for fiscal 1996 (capital management and internal control). The committee monitors the procedures established by the Board of Directors to provide disclosure of information to customers and for dealing with complaints; it also satisfies itself that the policies are being adhered to. To fulfil its responsibilities, the committee met 10 times in fiscal 1996. For a further discussion of the roles and accountabilities of the Audit Committee, please see page 61.

Members:

Stanley A. Milner, Chairman
Pat M. Delbridge
E. L. Donegan
William A. Etherington
Margot A. Franssen
William James
Maurice LeClair
Raymond V. Smith

Risk Management and Conduct Review Committee

The mandate of the Risk Management and Conduct Review Committee is to ensure that policy guidelines and systems exist to manage risk (operational, market, credit, liquidity, legal/compliance, technology and other internal risk) at an acceptable level.

The committee examines major credit policies and risk management issues. It reviews and establishes policies on loan concentration applicable to single borrowers, industries and geographic areas and also the financing of mergers and acquisitions. The committee also reviews the delegation of lending limits and policies for off balance sheet financing. It reviews and recommends to the board investment and lending policies, standards and procedures.

The committee establishes procedures for dealing with transactions with related parties; it reviews and approves certain of such transactions. It monitors the procedures established by the board to resolve conflicts of interest, including techniques for the identification of potential conflict situations and for restricting the use of confidential information.

The Board of Directors delegated to the committee responsibility for the review of six of the eight CDIC standards (liquidity management, interest rate risk management, foreign exchange risk management, credit risk management, securities portfolio management and real estate appraisals) and CIBC's compliance with these standards on behalf of the Board of Directors. In accordance with the provisions of the Bank Act, none of the members of the committee may be an employee or officer of CIBC. In fiscal 1996 the committee met 10 times.

Members:

James A. Grant, Chairman
Douglas G. Bassett
Jalynn H. Bennett
Albert E.P. Hickman
W. Darcy McKeough
Raymond V. Smith
John S. Walton
Peter N.T. Widdrington

Management Resources and Compensation Committee

The mandate of the committee is to ensure the ongoing long-term development and deployment of high calibre senior management resources. The committee also ensures that compensation policy and practice supports CIBC business strategies and that the relationship between senior management performance and compensation is appropriate. The committee reviews human resource matters with emphasis on overall strategy and programs relating to the recruitment, development and continuity of personnel as well as the succession of senior management (other than for the chairman and chief executive officer).

The committee met six times in fiscal 1996. None of the committee members is an employee or officer of CIBC.

Members:

Alfred Powis, Chairman
William L. Duke
Ivan E.H. Duvar
Richard F. Haskayne
Marie-Josée Kravis
Arnold Naimark
Michael E.J. Phelps
Barbara J. Rae

Trustees of the Pension Funds

The role of the trustees is to oversee the administration of the contributory and non-contributory pension plans and funds. The trustees ensure that the funds are managed prudently by professional investment managers in accordance with established policies and goals. They develop, monitor and/or assess such items as asset mix, portfolio quality and objectives, and investment return expectations. The trustees met five times in fiscal 1996.

Members:

Barbara J. Rae, Chairman
Jalynn H. Bennett
Margot A. Franssen
Albert E.P. Hickman
John S. Hunkin
Holger Kluge
John Panneton
John S. Walton

for the year ended October 31, 1996

Class A Preferred Shares – Dividend Per Share

Record date	Payment date	Series 4	Series 5	Series 9	Series 10	Series 11	Series 12	Series 13	Series 14
Nov. 30/95	Dec. 12/95	$0.459							
Dec. 28/95	Jan. 29/96		$0.3303	$0.56875	US$0.475 (Cdn$0.65580)	$0.55313	US$0.40625 (Cdn$0.56095)	$0.4375	
Dec. 29/95	Jan. 12/96	$0.453							
Jan. 31/96	Feb. 12/96	$0.442							
Feb. 29/96	Mar. 12/96	$0.414							
Mar. 28/96	Apr. 29/96		$0.2984	$0.56875	US$0.475 (Cdn$0.64719)	$0.55313	US$0.40625 (Cdn$0.55352)	$0.4375	$ 0.37595
Mar. 29/96	Apr. 12/96	$0.411							
Apr. 30/96	May 13/96	$0.393							
May 31/96	Jun. 12/96	$0.385							
Jun. 28/96	Jul. 29/96		$0.2803	$0.56875	US$0.475 (Cdn$0.65313)	$0.55313	US$0.40625 (Cdn$0.55859)	$0.4375	$0.371875
Jun. 28/96	Jul. 12/96	$0.385							
Jul. 31/96	Aug. 12/96	$0.380							
Aug. 30/96	Sep. 12/96	$0.356							
Sep. 27/96	Oct. 28/96		$0.2510	$0.56875	US$0.475 (Cdn$0.63812)	$0.55313	US$0.40625 (Cdn$0.54576)	$0.4375	$0.371875
Sep. 30/96	Oct. 11/96	$0.340							
Oct. 29/96					US$0.16612 (Cdn$0.22321)[2]	$0.19344			
Oct. 31/96	Nov. 12/96	$0.318							

(1) On November 1, 1996, CIBC issued 12,000,000 non-cumulative Class A Preferred Shares Series 15 at $25.00 per share paying an annual dividend of 5.65% (or $0.353125 per quarter).

(2) Translated at the prevailing exchange rate on the record date.

Common Shares

Record date	Payment date	Dividend per share	Number of common shares on record date
Dec. 28/95	Jan. 29/96	$0.40	210,908,706
Mar. 28/96	Apr. 29/96	$0.40	205,712,771
Jun. 28/96	Jul. 29/96	$0.45	205,812,586
Sep. 27/96	Oct. 28/96	$0.45	205,902,352

Price of Common Shares Purchased under the Shareholder Investment Plan

Date issued	Share purchase option	Dividend reinvestment & stock dividend options
Nov. 1/95	$36.38	
Dec. 1/95	$38.72	
Jan. 2/96	$41.50	
Jan. 29/96		$42.29
Feb. 1/96	$42.25	
Mar. 1/96	$41.00	
Apr. 1/96	$41.75	
Apr. 29/96		$42.31
May 1/96	$43.05	
Jun. 3/96	$45.45	
Jul. 2/96	$44.44	
Jul. 29/96		$45.48
Aug. 1/96	$45.90	
Sep. 3/96	$45.40	
Oct. 1/96	$49.85	
Oct. 28/96		$54.63

Restrictions on Ownership of Bank Shares under the Bank Act

No person or group of associated persons may own more than 10% of any class of shares. Canadian or foreign governments are prohibited from owning any bank's shares.

Closing Common Share Price

The closing Common Share price of CIBC as at December 2, 1996 was $60.15.

Valuation Day Price

For capital gains purposes, common shares closed at $25.75 per share on Valuation Day, Dec. 22, 1971; equivalent to $12.875 per share after adjustment for a two-for-one stock split on Jan. 31, 1986; and at $33.750 per share on Feb. 22, 1994, the relevant date for the one-time election consequent to the elimination of the general capital gains exemption.

CIBC Head Office

Commerce Court
Toronto, Ontario
Canada
M5L 1A2

Telephone number – (416) 980-2211
Telex number – 065-24116
Cable address – Canbank, Toronto
Internet web site – http://www.cibc.com

Incorporation

Canadian Imperial Bank of Commerce (CIBC) is a diversified financial institution governed by the Bank Act (Canada). CIBC was formed through the amalgamation of The Canadian Bank of Commerce and Imperial Bank of Canada in 1961. The Canadian Bank of Commerce was originally incorporated as Bank of Canada by special act of the legislature of the Province of Canada in 1858. Subsequently, the charter was amended to change the name to The Canadian Bank of Commerce and it opened for business under that name in 1867. Imperial Bank of Canada was incorporated in 1875 by special act of the Parliament of Canada and commenced operations in that year. CIBC's charter has been amended from time to time to change its authorized capital.

Stock Exchange Listings

	Stock symbol	Stock exchange listing
Common shares	CM	Toronto, Montreal, Winnipeg, Alberta, Vancouver, London, England
Preferred shares, Class A		
Series 4	CM.PR.F	Toronto
Series 5	CM.PR.E	Toronto, Montreal, Winnipeg, Alberta, Vancouver
Series 9	CM.PR.I	Toronto, Montreal, Winnipeg, Alberta, Vancouver
Series 12	CM.PR.V	Toronto, Montreal, Winnipeg, Alberta, Vancouver
Series 13	CM.PR.K	Toronto, Montreal, Winnipeg, Alberta, Vancouver
Series 14	CM.PR.L	Toronto, Montreal, Winnipeg, Alberta, Vancouver
Series 15	CM.PR.M	Toronto, Montreal, Winnipeg, Alberta, Vancouver

Usual dividend dates:

	Record date	Payment date
Common shares and Preferred shares, Class A Series 5, 9, 12, 13, 14 and 15	Dec. 28	Jan. 28
	Mar. 28	Apr. 28
	Jun. 28	Jul. 28
	Sep. 28	Oct. 28
Preferred shares, Class A Series 4	Last trading day of each month	12th day of following month

Transfer Agent and Registrar

The R-M Trust Company
393 University Avenue, 5th Floor
Toronto, Ontario M5G 2M7
(416) 813-4600 or fax (416) 813-4555
1-800-387-0825 (toll-free in Canada and the U.S.)
E-mail: invcorr@rmtrust.ca

Common and preferred shares are transferable in Canada at the offices of our agent, The R-M Trust Company, in Toronto, Montreal, Halifax, Winnipeg, Regina, Calgary and Vancouver.

For information relating to shareholdings, dividends, dividend reinvestment accounts, lost certificates, etc., or to eliminate duplicate mailings of shareholder material, contact The R-M Trust Company.

Outside of Canada, common shares are transferable at:
The R-M Trust Company
Balfour House, 390 High Road
Ilford, Essex, England 1G1 1NQ

CIBC has never missed a regular dividend since its first dividend payment in 1868.

Debt Securities

A number of senior and subordinated debt securities of CIBC and its subsidiaries are listed on one or more of the following international exchanges:
The Stock Exchange, London, England
Luxembourg Stock Exchange, Luxembourg
Frankfurt Stock Exchange, Germany

Direct Dividend Deposit Service

Canadian-resident holders of common shares may have their dividends deposited by electronic transfer directly into their account at any financial institution which is a member of the Canadian Payments Association. To arrange, please write to The R-M Trust Company (see Transfer Agent and Registrar).

Shareholder Investment Plan

Registered holders of eligible shares (CIBC common shares or Class A preferred shares, Series 5) may participate in one or more of the following options, and pay no brokerage commissions or service charges:
Dividend Reinvestment Option: Dividends on eligible shares may be reinvested in additional CIBC common shares. Residents of the United States and Japan are not eligible.
Share Purchase Option: Up to $50,000 of additional CIBC common shares may be purchased during any fiscal year. Residents of the United States and Japan are not eligible.
Stock Dividend Option: U.S. residents may elect to receive stock dividends on eligible shares. For further information and a copy of the offering circular, contact the Corporate Secretary.

Annual Meeting

Shareholders are invited to attend the CIBC annual meeting on January 16, 1997, at 10:00 a.m. in the Waterfront Ballroom, The Waterfront Centre Hotel, Vancouver, British Columbia.

Further Information

Corporate Secretary: Shareholders with concerns about the quality of service received from the transfer agent may call (416) 980-3096 or fax (416) 980-7012.

Investor Relations: Financial analysts, portfolio managers and other investors requiring financial information may call (416) 980-6657 or fax (416) 980-5028.

Corporate Communications and Public Affairs: For information on corporate activity and media inquiries, please call (416) 980-4523 or fax (416) 363-5347.

CIBC Telephone Banking: As part of our commitment to our customers, information on CIBC products and services is available by calling (416) 980-CIBC or toll free at 1-800-465-CIBC.

Sur simple demande, nous nous ferons un plaisir de vous faire parvenir la version française du présent rapport.

If you would prefer CIBC's annual report to shareholders in an alternative format, please call (416) 980-5036.

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Our Goal

To be the pre-eminent Canadian financial services company

Our Vision

Winning customer loyalty through service excellence

Our Values

Commitment to stewardship

Respect for every individual

Encouragement of initiative and creativity

Excellence in everything we do

CIBC

Canadian Imperial Bank of Commerce

Head Office
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